THE ALTERNATIVE

Which Way Progress?

A symposium: SOCIALISM vs. CAPITALISM; three perspectives

Reviews of Drucker, Nisbet, Spengler;
and a report on British Welfare

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THE ALTERNATIVE to bare the witness and the truth.

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Published remarkably without regard to race, color, creed, or (most redundantly of all) national origin — the question of sex is still in committee.

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The Continuing Crisis

• Politics became uncommonly popular in January. A curious organization of Dallas businessmen acclaimed Mr. Nixon "Bonehead of the Year." While on a diplomatic mission President Pompidou was accorded a colorful reception which included a fresh tomato. And tomatoes were only one variety of the many air-born delicacies greeting Hubert Humphrey while he addressed scholars at the American Association for the Advancement of Science. Prime Minister Heath received a great deal of ink while in Brussels for the signing of the Common Market Treaty. And back in the States Senator Edmund Muskie announced his intention to be the thirty-seventh successor to George Washington, as did Senator Hubert Humphrey, Governor George Wallace, a Mayor Lindsay, Congressman John Ashbrook, Congresswoman Shirley Chisholm, President Nixon and Irving Klotz, the New York City delicatessen tycoon. Three businessmen in San Rafael, California have declared that it is now possible to be buried at sea for $250 — though conservationists are up in arms.

• On 2 January Mr. Nixon grabbed the headlines by holding an intimate press conference with CBS' Mr. Dan Rather; later in the month Mr. Howard Hughes grabbed more headlines by holding a telephone press conference with 7 reporters. On 13 January Mr. Nixon announced an increased troop withdrawal, promising to bring American troop strength down to 69,000 by 1 May. And Mr. Howard Hughes announced his intention to sit for a photograph sometime in February. McGraw-Hill announced plans to publish the autobiography of Mr. Howard Hughes and the White House evinced concern when Mr. Jack Anderson published unauthorized government documents and took to touring the talk show circuit. While Mr. Howard Hughes stated that McGraw-Hill's autobiography was unauthorized and inauthentic, the White House began searching for security leaks. McGraw-Hill dropped plans to publish its autobiography. Mr. Jack Anderson has become an extraordinary celebrity indicating that 1972 will be the year of "gas bag chic."

• The First Amendment was put to novel use when President Richard J. Wilson of Northern Illinois University lifted that school's ban on playing the American national anthem at basketball games, and the State of the Union Speech was delivered by Mr. Nixon on 20 January. The next day the Democrats nationally televised a memorable rebuttal. Two days earlier Congress had reconvened to consider the results of their previous session. Though outgunned by over four to one it was revealed that the Senate had outtalked the House by almost two to one. The Senators filled 21,962 pages of the *Congressional Record* while the House managed only

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Editorial

A Sweet Syncretism for the 1972 Shouting Match

TOCQUEVILLE instructs us that there are two aspects of politics that should never be confused. One embraces art, the other science. The art of politics entails "coping with everyday problems and adapting itself to a multitude of varying circumstances. It provides for passing needs...." The science of politics "... is based on the very nature of man. It depends on his interests, faculties and needs....This aspect of politics shows us those laws best adapted to the general and enduring state of mankind." The art of politics has been practiced with various degrees of dexterity by every politician who has ever opened his yap. But practitioners of the science of politics are a rarer species.

Men like John Adams, Thomas Jefferson and, of course, James Madison practiced the science of the game. It inheres throughout their public utterances and their correspondence, and the fruits of their labors have allowed us to keep this virtuous ship on course up to this very day. The Roosevelts, Woodrow Wilson and a mob of lesser men practiced the art of politics. Certainly most of their policy decisions have left some mark on the way we live today, but neither their correspondence, nor their public utterances, nor even their legislation provokes terribly complicated meditations on the nature of society. Franklin Roosevelt put himself to the task of plugging holes in a leaking dam. For him politics was a matter of "coping with everyday problems." John Adams' assignment was more breathtaking and more sublime; he took it upon himself to consider the nature of the dam.

The politician as artist or the politician as scientist comes and goes at the bidding of history. If laid down in the 1930s, old John Adams' saturnine reflections on the nature of man would have seemed whimsically irrelevant — though the 1930s was not a jolly time — and I doubt any electorate in the Republic would have endured him save the inhabitants of Kansas or possibly Arkansas. Deep uncertainties concerning the goal of American society have not characterized much public discourse during this century — not even during the troubled 1930s.

Today the land is visited by strange winds. Flagitious gusts have swept into some of the most tranquil and established regions of American life bringing with them currents of neoisolationism, anti-intellectualism, reviving puritanism, technological dread and social mobility monitored by racial, religious and sexual quotas. They amount to the renunciation of progress and the rejection of America's role as a world power. They bespeak the politicalization of pessimism. Those who advocate these currents are questioning more than a particular policy; they are questioning the historic direction of American society. America's consensus on what constitutes the good life has fragmented, and the hour is well at hand for the emergence of men who ask those deeper questions.

Indubitably historians researching the late 1960s and the early 1970s will see penetrating fissures. In technology Peter Drucker has already written of the forthcoming age of discontinuity. And the discontinuities are not limited to technology, for it is manifest that profound tremors also threaten our culture and our politics. Evidently it is a time for men of affairs to address those deeper issues. And so far as I can judge, of all the politicians likely to figure in the 1972 shouting match, the only two who approach politics as a science are Eugene McCarthy and Vice President Agnew — though Senator Jackson's subtle audacity suggests better things.

Of course, men like Senator Edmund Muskie and flopsy Vance Hartke intoxicate themselves with their delusion. But the most deft cosmeticians of the telegenic art can do no more than remodel a man's appearance — and then only for a staged performance. His promoters might hope to transform the mule-faced senator from Maine into Lincoln for an evening, and in his astonishing television performance on the evening of 5 January they showed how they could serve up a pretty bizarre prosopopoeia of Churchill, but eventually the truth even staggers into America's electronic theatre. The sight of Muskie hemming, hawing and shuffling about, sweating and thrashing on network television's Sunday morning interviews has a disturbingly authentic whiff about it even to the great man's most devoted cronies. I would not deny that he has a hunch about the evil that lurks in men's hearts, but I would suggest that that intuition comes from a more intimate source than mere observation of his fellows. He is the politician as artist, and whenever such men ask that eternal question "what is man?" they are sure to add "going to do for me."

Now Mr. McCarthy and Mr. Agnew are men of a different cast. They have a taste for those deeper matters of which Tocqueville wrote. Mr. McCarthy's America would be a socialist republic. It would be mannered and it would be orderly. As Peregrine Worsthorne has pointed out it would be a nation governed by an educated elite. It would be civilized. It might be drab, for some asphyxiating, but it would be different and it would arise from a particular view of man's nature. Mr. McCarthy has always faced up to the import of his positions. He never scurries about, throwing up a patchwork of borrowed policies. He has reflected on man's essence, and from his reflections he has drawn conclusions which inspire a wholly consistent array of policies. His is, as he said in 1968, a "political' alternative." Mr. McCarthy is never so much at home as when he talks of men's needs and men's nature. Of course these thoughts are not so terribly surprising. Everyone knows that Mr. McCarthy is a different sort of politician (as George Will notes in this issue's "Letter from a Whig"). Everyone realizes that he peers more deeply into public affairs. After all, in spite of the stuff that he has published, he is acclaimed a poet and no one has been heard to snicker.

Now to depict the Vice President as one of Tocqueville's dabblers at the science of politics is somewhat more provocative. It was only a short time after his national political debut that the media identified him as Mr. Nixon's concession to the mental defectives of the electorate. And then after his Des Moines speech he was redefined as Agnew the Menace. But the truth, a truth validated by such diverse commentators as Arthur Schlesinger, Jr. and William F. Buckley, Jr., is that before the 1970 elections Mr. Agnew addressed himself, in Mr. Schlesinger's words, "not to conflicts of policy", but to those questions underlying policy, to the nature of society and to the nature of men who compose that society.

For one exquisite interlude from his Des Moines speech until well into the 1970 elections, Mr. Agnew analyzed those common sentiments and universal inclinations which bind societies; and he articulated what he felt were the yearnings impelling men to achievements. He spoke of the law, the family, religion and incentive. Having reported his fellow Americans' "vague uneasiness that our values are inauthentic," he concluded that the uneasiness existed not because our values were played out but because of the abandonment of "traditional patterns of discipline and expectation." Up until the time that he, in the service of Mr. Nixon, fell into hammering the social issue nearly to death — a chore that Kevin Phillips tells us displeased Mr. Agnew — his statements reflected an intelligently conceived vision of the nature of man.

So it is that, though the philosophies of Mr. Agnew and Mr. McCarthy vary widely, we can categorize them both as fitting into the same political mold. And it seems to me that if political discourse during the 1972 presidential elections is to stimulate serious thought and to prove adequate to the deep rumblings of our time it will have to be led by these two men.

The political careers of both men are unfortunately in doubt. Mr. McCarthy's situation is especially precarious. His own party does not seem to have habituated itself to his eccentricities, and his chances of survival outside that party are limited. His

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Letter from a Whig

George F. Will

Laughingstocks

(WASHINGTON) — Former Senator Eugene McCarthy again is running for President, and some people are comparing McCarthy with Harold Stassen. Such comparisons are unfair to Stassen.

Obviously McCarthy and Stassen are similar in some ways. Both are products of the rich political loom of Minnesota. Stassen is a Republican, McCarthy a Democrat, but both have reflected, at various times and in varying degrees, the influence of Great Plains progressivism.

Both men have sought the Presidency long after they lost their constituencies. And their unlovely displays of hubris have caused them to lose even the affection of the constituencies whose loyalties they once held.

But these are surface similarities. The differences are more telling.

Stassen's pathetic pride transformed him from a distinguished public servant into a laughingstock. McCarthy's pride cannot work a similar transformation. McCarthy is in the process of falling as low as Stassen, but he cannot fall from as high.

Both Stassen and McCarthy have descended to frivolity. But Stassen, unlike McCarthy, descended from a position of accomplishment that made him a plausible Presidential candidate.

Stassen narrowly missed the brass ring, and the disappointment destroyed his equilibrium.

McCarthy's descent has been more swift but less dramatic. In 1968 he was a one-issue candidate. His idea — that we should end the war — was plausible. But he was not a plausible candidate because few voters believe a one-idea man can cope with a complex world.

Today the war is ending and McCarthy is a less than one-issue candidate. He is running on resentment of the way he was treated at the 1968 Chicago convention. Thus he descends from implausibility to frivolity. Stassen's descent was more dramatic.

Stassen was a harbinger of spring for Republicans in the dark winter of the New Deal. In 1938, at age 31, he became "boy wonder" Governor of Minnesota. He was the youngest governor in the Nation in an era when Presidents came from state houses more often than from the Senate. He served with distinction until 1945, when he became President of the University of Pennsylvania, and drew a bead on the 1948 GOP nomination.

That nomination looked very valuable in early 1948 and a gaggle of candidates emerged. But three men dominated the race from the start. They were Governor Dewey of New York, Senator Taft of Ohio and Stassen.

Stassen lost to Dewey in the New Hampshire primary, but that was considered a New Yorker's backyard. Next came Wisconsin. That state claimed General Douglas MacArthur as a native son, and the General was a heavy favorite to win, in spite of his refusal to leave Tokyo to campaign. But on 6 April, just a week before his forty-first birthday, Stassen scored a stunning upset, winning nineteen delegates to MacArthur's eight. Dewey won none and was badly wounded.

Stassen beat Dewey, Taft and others in primaries in Nebraska and the Dakotas. He blundered by challenging Taft in Ohio's 4 May primary. He won few delegates — and the lasting enmity of all GOP regulars, whose candidate Taft was.

But Stassen was still the front-runner going into the crucial Oregon primary. He was expected to win it and coast to the nomination. It was not to be.

Stassen's Waterloo came 17 May 1948, in a radio studio in Portland, Oregon, when he and Dewey sat down to debate "Should the Communist Party be Outlawed?" Stassen endorsed the proposition. But Dewey, a cunning lawyer who had won fame as prosecutor of New York gangsters, skated rhetorical rings around Stassen, who became bewildered and finally contrived to appear soft on Communism. Four days later Stassen lost to Dewey by less than 10,000 votes out of 225,000 votes cast. The Stassen campaign never recovered and, perhaps, Stassen himself never did either.

On 24 June the Republican Convention in Philadelphia cast its first ballot. With 517 votes needed to win, the leaders were Dewey 434, Taft 224, Stassen 157. Dewey won after the second ballot.

Had Stassen won the radio debate he probably would have won the nomination. Probably either Stassen or Taft would have beat Truman. Stassen must have known how close he came. He could not have foreseen how far he would fall.

He made a determined but very weak effort for the 1952 GOP nomination. But he had not yet lost the respect of his Party's leaders. Eisenhower named him director of the Foreign Operations Administration. In 1955 he represented the U.S. on the United Nations' Disarmament Commission. From 1955 to 1958 he served as special assistant to the President to direct disarmament studies, a position with Cabinet rank.

He erred badly in 1956 when he tried to organize a Republican drive to dump Nixon from the ticket. He misjudged everything — Nixon's strength, Eisenhower's refusal to be pushed, the temper of the GOP, and his own political impotence. This caper was a harbinger of more extravagant capers to come.

In 1958 he ran in the Pennsylvania Republican gubernatorial primary and lost. In 1959 he failed miserably in an attempt to win the Philadelphia mayorality. The "boy wonder" was getting long of tooth; a household word was on the way to becoming a national joke.

His dabblings in the 1960 and 1964 presidential races were sad. His insistence that his name be placed before the Miami Convention in 1968 was excruciatingly embarrassing for everyone, in spite of the fact that the nominator — Stassen's son — brought simple dignity to his demonstration of filial piety.

By now, of course, Stassen has become an object lesson in the way a good man can lose his dignity in politics. But the lesson loses its force and value if we forget that he was a man of dignity and achievement. A quarter of a century ago Stassen's vigor and thoughtful idealism drew a large number of talented young men into Republican politics, and conservatives can take special pleasure from the careers of the two former Stassenites who have risen highest — Senator Gordon Allott of Colorado and Chief Justice Warren Burger.

It is highly unlikely that Eugene McCarthy's career will have a similar invigorating effort on the political process. In spite of all the chatter about his idealism, his campaigns are fueled by a mixture of cynicism and arrogance.

The cynicism is manifested in McCarthy's well-known delight in disparaging, in semi-private, the followers whose enthusiasm he toys with and whose money is spent. Arrogance is the essence of his mission, which he describes as "giving the system a chance." He tells his troops that only his election would constitute convincing proof that the "system" is responsive. But everyone, McCarthyites included, knows that McCarthyites are a small minority of the population. Thus the logic of the doctrine is that the "system" should respond not to their superior numbers, but to their superior virtues.

To put the matter gently, McCarthy has done nothing to dampen the anti-democratic spirit of young Americans. At least Stassen's most unfortunate activities have been more embarrassing than anti-social.

McCarthy continues to enjoy a good

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THE ALTERNATIVE March, 1972

A Symposium:

Which Way Progress?

When a howl for liberation is sounded in that society which is at once the richest and most open in the world it is an occurrence out of the ordinary. When the howl becomes a chorus, thoughtful persons begin to scratch their heads. After scratching his head the editor of **Commentary**, *Mr. Norman Podhoretz, recently observed that: "Never has there been so much talk of repression, but never has there been so great a degree of civil freedom, probably in the history of the world, as exists in the United States today." So what has caused the howls? Who has stepped on the rascals' tails? In general terms, what is it that they desire? Probably not freedom, as Mr. Podhoretz has already noted. They have plenty of it, and it only seems to intensify their misery. Some seem to want the obliteration of all social distinctions; they of course are idiots. Others want to exchange places with those they hate — though often this only means exchanging places with their parents. What these idealists want is a hand in the till and their lovely muzzles in the wide end of the trough. Then, too, a noble few want martyrdom. Such aspirations are normal and traditional, and had they been presented unadorned by ideological plumage they would not have attracted such celebrity. As they have received celebrity rather than condign derision, now it seems to us an appropriate time for a serious discussion of political economy. In the following essays we asked the three writers to make their cases for the three outstanding economic systems. A further essay and three reviews are added. So now let us decide which system is the most serviceable to the Republic. Then let us argue our case intelligently, and hence put the rascals to sleep.* —RET

A Softhearted Defense of Capitalism

Michael Clurman

MENTION THE word "capitalism" and someone is sure to make the association "inequality." With some justice the relationship between the two concepts is generally thought to be close. Consequently defenders of capitalism are often suspected of being hardhearted defenders of the privileges of the rich.

A routine defense of capitalism, if it does not positively extol the everlasting moral virtues of a system which allows the ambitious and productive to thrive, while the slothful and indolent are impoverished, is at least expected to point out that tampering with the mechanism that produces these results will inevitably tend to destroy the initiative and ambition of the whole society.

I find such moralizing unconvincing. I propose instead to give a softhearted (albeit hardheaded) defense of capitalism. I will point out the importance of the institutions of private property and limited government in preserving individual freedom and also suggest the advantages of prices and markets over central planning in the efficient production of goods and services. Finally I will point out that the inequality produced by a capitalist economy can be greatly reduced without killing the goose that lays the golden egg.

Now the almost immediate objection raised to virtually any proposal to redistribute income is that it would reduce the incentive to work, compete and innovate.

But our whole tax and welfare system is so shot through with loopholes (such as the provisions of the capital gains tax), special privileges (e.g., the oil depletion allowances), and sheer irrationalities (e.g., the present welfare system) that there are many opportunities to implement reforms which would increase both efficiency and equity in our economy.

Private Ownership and Individual Freedom

It would be difficult to deny that in the modern world today there is a strong association between authoritarian political systems and nearly complete state control over the means of production. Almost all the world's parliamentary democracies have a large private sector responsible for generating at least half and more usually two-thirds of the total national income. The nations with the most complete state control of the economy, the Communist regimes of Eastern Europe, the Soviet Union and China, are all characterized by their lack of respect for individual rights and the absence of meaningful elections.

Not many sensible people would object to these observations I should think — but their proper interpretation is more controversial. Is a statified economy really infertile soil in which to cultive a political freedom, or is the association between state ownership and tyranny merely coincidental, due, in fact, to some third factor such as the revolutionary origins of many statified economies, Leninist ideology or centuries of peculiarly Russian political tradition?

There is no need to deny that the factors nourishing individual freedom are numerous and complex in order to maintain that a large, autonomous private sector is an important bulwark of a free society.

The importance of a powerful private sector was impressed upon me quite vividly in the deep South (of all places) when I worked for CORE in the middle 1960s trying to persuade black citizens to vote. In three summers of door-to-door canvassing in Mississippi and Louisiana I was surprised by the consistent timidity of the black school teachers. Teachers were almost invariably reluctant to sign petitions, participate in organizational activity or even register to vote. One did not have to look far to discover the cause of this trepidation. School personnel were hired and fired by an all-white school board elected by a mostly white electorate bitterly hostile to civil rights activity. In one of the nastier towns I was in the school board even made a practice of faithfully attending civil rights meetings in order to make sure that none of "their" people showed up.

The systematic enforcement of orthodox behavior on school board employees (who constituted the vast majority of local government employees in the black community) contrasted sharply with the rarity of pressure from private employers, except in cases where their interests were directly threatened. It was not, for instance, advisable for someone to encourage a sit-in at a luncheonette where he worked, but with only occasional exceptions, militant general political activity was not punished.

These experiences illustrate the following general rule: a reasonably competitive private sector ensures that *most* employers *most* of the time will be concerned exclusively with his employees' performance on the job and will avoid indulging his tastes for conformity in matters not directly related to business performance. It could hardly be otherwise since the decision to indulge personal tastes in favor of, say, segregation, or anti-communism by firing an efficient employee (or by hiring an inefficient one) is an added business cost. Businessmen who voluntarily incur unnecessary costs tend to be businessmen whose enterprises grow more slowly or decline more rapidly than their colleagues who ruthlessly avoid any costly indulgences in personal whims. The competitive process thus contains a naturally selective

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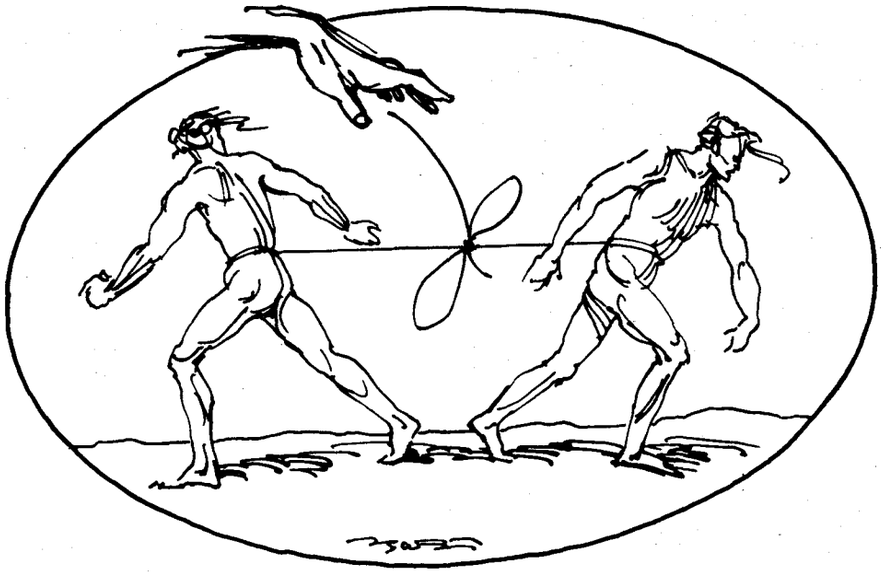

The Machinery of Freedom

mechanism which tends to weed out employers who incur unnecessary costs and reward single-minded devotion to minimizing costs and maximizing value of output. At any given point in time this mechanism is not 100 per cent effective. There exist private employers who are needlessly arbitrary, unfair and discriminatory. But a reasonably free competitive economy ensures that such employers will be at a competitive disadvantage.

This selective process accounts in large measure for the natural antipathy which intellectuals seem to feel toward successful businessmen. The intellectual's stock in trade is his scope, his daring, and often his idiosyncratic ideas or behavior. The businessman may display daring in matters concerned with cost cutting or production innovation but elsewhere all instincts tell him to keep his principles, or peculiarities strictly out of his business affairs. This soulless timidity and single-minded pursuit of profit tends to strike the intellectual as unappealing at best.

All this stands in sharp contrast to the situation in the public sector. State enterprises are generally monopolies. Their political bosses can afford to indulge their (or their constituency's) personal preferences without effective constraint. Indeed politics largely consists in the attempt to satisfy the preferences of as large a part of one's constituency as possible. And in addition a person blackballed by the government in a statified economy has nowhere else to turn while arbitrary action in the private sector at least has the consolation that alternatives exist.

One is reminded of the Soviet Secret Police (K.G.B.) practice of warning managers in state enterprises not to hire dissidents who are then arrested on charges of "social parasitism." Although the situation is vastly worse in the Soviet Union than it would likely to be in a parliamentary democracy, one still remembers with a shudder Richard Nixon's intrusion into the New Jersey governor's race in 1966 when the main issue was whether the state-supported University should fire a history professor (Eugene Genovese) for a pro-Viet Cong speech. The campaign cry then was that our tax dollars should not be used to pay someone who supports our nation's enemies abroad. Fortunately the Republican candidate lost and Professor Genovese retained his position, but the incident should serve as an ominous reminder that in a statified economy the right to dissent depends on the transitory tolerance of a majority of the electorate.

It seems unlikely that any mere statutory protection for a man's livelihood in a socialist state monopoly will be as effective a barrier to popular intolerance as the centuries old tradition of private property. During the 1950s, for instance, New York provided for the mandatory revocation of the driver's license of any motorist convicted under the Smith Act of advocating the overthrow of the government. The District of Columbia even denied a married man in his forties a permit to operate a taxi because, when he was a young man in his twenties, he and a woman had been discovered making love in his car. It is not difficult to imagine a private home or business being confiscated for similar reasons.

Even when businessmen appear to bow to popular intolerance and dismiss unpopular employees, the pressure to covertly purchase their services is sometimes irresistible. As Milton Friedman reminds us in *Capitalism and Freedom*, when about 150 script writers were blacklisted by Hollywood studios for their suspected Communist connections, they went right on selling scripts to the industry. The studios simply attached pseudonyms to the scripts and when caught in the act one producer explained, "We have an obligation to our stockholders to buy the best script we can."

Capitalism and Efficiency

The primary task which any economy must cope with is the problem of choice. Which goods and services should scarce resources be used to produce? What techniques should be used in their production? The complexities involved multiply madly as an economy becomes richer and more diversified. A developed economy will have tens of thousands of distinct "products" with several competing production techniques feasible for each.

A particularly crucial set of choices involves selecting the best investments society should make with its scarce savings. No society uses all the resources available to it for current consumption. Some resources must always be set aside to provide the tools to maintain or increase future consumption. A primitive fishing society, for instance, would employ some of its scarce labor repairing, replacing and augmenting its supply of fishing nets (capital) so that future consumption of fish could be maintained or increased. In a modern economy the alternative capital investments are vastly more complex. Some efficient mechanism must be established which chooses the investments which will yield the greatest future economic benefits.

Capitalist economies typically rely on private capital markets in order to make investment decisions. It would be difficult to think of a more thoroughly "capitalist" institution than the network of stock exchanges, bond markets, banks and other financial intermediaries which channel money from savers to investors. Yet this institution performs a crucial social function. A successful stock broker, for instance, is one who knows which sectors of the economy are going to grow most rapidly and which particular firms within those sectors have the resources and entrepreneurial skills to take advantage of such rapid sectorial growth. A stock broker who can spot such firms before the rest of the market will enrich both his clients and himself; those who cannot will eventually be forced to turn to some less ruinous trade.

A capitalist style capital market, then, relies on competition at both ends in order to channel private savings to the investors who are capable of earning the highest possible returns. Competition between firms gives investors maximum possible choice of methods, managements and products in which to invest their savings. Competition between brokers and other financial intermediaries means only those with the requisite talents to channel their clients' money to the firms best able to use it will prosper.

What is the socialist alternative to competitive private capital markets? Clearly, any economy must choose which investments to make with its scarce savings and any socialist worth his salt ought to have a pretty good idea what he would like to see replace competitive capital markets.

The true radical (and the one whose faith has been unshaken by a half century of economic history) would nationalize investment planning entirely. A government agency (say the Bureau of the Budget) would be empowered to decide how many dollars would be invested in nail production, how the money should be divided up between little nails and big nails, and which production techniques should be used. Such an administrative monstrosity (an American equivalent to the Soviet Gosplan) is the logical outcome of rhetoric which denounces capitalist investment criteria (i.e. maximizing rate of return on invested capital) as "pro-

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duction for profit instead of to satisfy human needs." If indeed profits and consumer satisfaction have nothing to do with each other, then the only sensible course of action is to scrap the market altogether in favor of complete central planning.

I would suggest that anyone who is in danger of succumbing to this reasoning or to any species of enthusiasm for central planning come up to Cambridge and have lunch at Elsie's restaurant near Harvard Square. Elsie's is a tiny eating place, generally jammed to far more than capacity and featuring the largest sized meat sandwiches available anywhere around. The relatively poor, and extremely hungry students who eat most of the sandwiches are more than willing to consume their lunch in a proximity to their fellow eaters that a more normal cross-section of the population would consider outrageous.

Now imagine, if you will, a completely nationalized restaurant system, with a central planning authority making all the decisions concerning investment and pricing. The New England Branch of the National Restaurant Authority would no doubt be staffed by hundreds of the best dieticians and economists money could buy. No doubt all these wise men would have worked out formulae showing the desired distribution of restaurants and the optimal amount of floor space for each expected customer.

But what about Elsie's? It is inconceivable that any central planner would even consider the ridiculous trade-off between expenditure on space and food to which Elsie's customers pay tribute every lunch-time.

Elsie's restaurant is worth mentioning because it is an example of the flexibility which markets allow people in expressing their preferences. Any producer in a competitive market who can figure out how to combine existing inputs into a more valuable output (or to produce the same output with less inputs) will wind up making extraordinary profits. In contrast, production goals in a central plan are generally stated in terms of maximizing some relatively crude measure of aggregate output such as tons of steel, pounds of butter, etc.

This is why the constant innovation which many view as a sign of waste in capitalist economies is, in fact, an indication of the constant experimentation which alone can provide the feedback producers need to discover how to provide maximum consumer satisfaction at minimum cost.

Inequality

Still the nagging problem of inequality remains. The distribution of income in all capitalist societies is highly skewed and the distribution of wealth much more so.

Now many people have advanced various cogent arguments in favor of a certain amount of inequality: need for incentives, concentrations of wealth produce patrons for the arts and for dissident political views, reward for hard work and thrift, etc. These justifications all contain a certain amount of merit. They perhaps constitute a sound argument against exact equality of income or wealth. What they do not do, what they do not even attempt to do, is to refute the proposition that there is *too much* inequality in capitalist society. The opinion that, "the gap between the rich and the poor is too wide," or that "Hugh Hefner should not be allowed to ride around in his own personal eight million dollar airplane while children go hungry," cannot be refuted by proving that "a certain amount of inequality is a good thing."

As the English economist, J. E. Meade, reminds us in his excellent little book, *Efficiency, Equality and the Ownership of Property*, the relative shares of national income going to labor and capital is the outcome of an intricate web of economic forces, and to expect the result to manifest any special moral virtue is unreasonable. To illustrate, consider two countries, identical in all respects but one. Both countries would have the same natural resources, the same capital stock, the same number of capitalists, and equally sober and industrious workers. The only difference would be that country A will have more workers than country B. Then the wage rate in country A will be lower and the return to capital (and the average income of the capitalists) will be higher than in country B.

If one believes that country B, the more egalitarian of the two, has the right amount of inequality it is difficult to see how one can justify the greater inequality imposed on the equally meritorious workers in country A. Even if one is a hard-hearted believer in inequality and believes that country A has the appropriate gap between the rich and the poor, it is hard to see how the more egalitarian economy of country B is to be justified.

There seems to be no sensible reason why a species of moral and political animal should be content to allow the essentially random (or more properly, morally random) forces which determine the market clearing prices of labor and capital to also determine the distribution of economic resources among men.

Indeed, I have not seen a single modern, cogent, moral argument for accepting the distribution of income which a free market presents us with. Even so uncompromising a defender of the free market as Milton Friedman is forced to admit (in *Capitalism and Freedom*, p. 165) that the degree of inequality imposed by a market economy "cannot in and of itself be regarded as an ethical principle; that it must be regarded as instrumental or a corollary of some other principle such as freedom." Those of us who are not persuaded that the freedom to keep all one is able to earn on the market is an essential human right are thus free to remain skeptical about the sanctity of our present distribution of income.

Yet implicit in the positions taken by many conservative spokesmen is a deep antipathy to any measures designed to redistribute income. It is difficult to understand why else the Buckley brothers, for instance, would be so disturbed about the Family Assistance Program's proposed extension of benefits to the working poor. The instinctive reaction of ritualistic conservatives is extreme reluctance to extend "welfare" to large numbers of additional families while reluctantly agreeing to continue paying minimal benefits to keep the really destitute non-working poor afloat. The idea of extending progressively diminishing benefits to working families as their income rises rankles, even though such an extension is necessary to eliminate the incentive-killing 100 per cent marginal rate of taxation presently imposed on welfare recipients. Thus the conservative antipathy to redistribution gives us the worst of both worlds, inequality without incentives (at least for the poor).

What Is To Be Done?

I remain convinced that an economy in which at least half the incomes are generated in the private sector is desirable both because it makes a large contribution to the maintenance of individual freedom, and because a market economy remains the best means of efficiently and flexibly producing goods and services.

But there is no reason why free men in a parliamentary democracy must accept all the inequality which a true *laissez-faire* economy produces. Vigorous policies ought to be pursued aimed at equalizing the distribution of income and wealth. To some extent they already have. F.H.A. guarantees of long term loans to homeowners have made possible a substantial increase in the wealth of middle-income people. This must certainly be ranked as one of the most successful federal programs ever undertaken. Similar increases in wealth can be encouraged among lower income groups by generous programs of interest subsidies (which can half the payments on a long term mortgage) to low income families. In addition, efforts should be made to encourage and subsidize other forms of wealth accumulation by the bulk of the population. Workers should be encouraged to purchase stock and other paper assets possibly at reduced prices. →

COMING IN *THE ALTERNATIVE*

It was an unusual winter's day in seventeenth-century England for two reasons. First it was one hundred two degrees. Second, Cornelius Drebbel, who had never before made or done anything, invented the thermostat and, thereby, affected the lives of future generations, or so they say.

To commemorate the anniversary of Cornelius Drebbel's first spanking, we, at the Saturday Evening Club have sent our roving correspondent to Knobbyknee, Devonshire to interview Drebbel's only living descendant, Peter "Sticky Fingers" Drebbel. Unfortunately, we cannot yet present our correspondent's report, but as soon as we can locate him (or Knobbyknee for that matter), we will bring to you his timely, meaningful, and, lest we forget, relevant story.

Monty Krieger
Science Editor

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Such "spread the wealth" programs are to be encouraged for a variety of reasons; property gives people a sense of security and independence which is very desirable in our over-wrought, urbanized civilization, property ownership gives people a stake in the society and aversion to violent change which certainly should be welcome in America, and finally, wealth earns income and thus a more equal distribution of wealth automatically results in a more equal distribution of income.

In addition, much greater effort must be made to redistribute income directly through tax reform, more generous family assistance and other programs. I am convinced that such policies are indeed compatible with both a high level of economic incentives and with a free society—but that is a whole new essay. □

Michael Clurman received his B.S. in economics from the University of Wisconsin in 1965, his M.A. from Harvard in 1968. He is presently doing an economic study of the computer industry for a firm in Boston.

In Defense of the Free Market

David E. Lindsey

THE EXTENSION of state regulations and controls in the last several decades has reduced the role of the free market in guiding the economic activity of Western countries. This trend has strengthened the common presumption among intellectuals that the case for free markets is fundamentally invalid. They often simply assume that increased state intervention was necessitated by the failures of the free market. The verdict of history concerning free markets is rarely questioned by intellectuals (least of all, ironically, by the reformers who most strongly challenge the *status quo*, which is, after all, the most recent verdict of history). Accordingly, the defender of the free market is a disadvantaged participant in the "marketplace of ideas," while the "speculator," who envisions beneficial results from new anti-market reforms, enjoys substantial returns.

I believe that the attitudes underlying this situation are mistaken. The case for free market competitive capitalism deserves reconsideration; the historical causes of the retreat from free markets deserve re-examination. Presumptions are too often poor substitutes for analysis.

Free market, competitive, capitalism can be usefully defined as the economic system in which factors of production and commodities are privately owned and in which transactions among economic units are made voluntarily, on terms agreeable to all transactors. Rights to the ownership of property are invested in individuals and households, although managers of other economic units, like firms or unions, may intermediate some transactions among these ultimate owners. Competition ensures that an agreement to exchange (or rent) a factor of production or commodity is voluntary rather than coerced because competitors provide alternatives to any particular transaction. Markets are free in that first, neither buyers nor sellers are excluded from entry by law, thereby promoting competition, and second, no legal restrictions are placed on the terms of the transactions regarding price, quantity, or quality, thereby enhancing the range of voluntary agreement.

The functions assigned to the state by advocates of the free market system generally lie in the classical liberal tradition of limited government and the rule of law. An arbitrary list follows: (a) to operate a legal system which prohibits initiated violence, theft and fraud, defines property rights, enforces contracts, adjudicates disputes, guarantees liberty and disperses just punishment to convicted criminals; (b) to provide for the common defense; (c) to maintain a stable monetary standard; (d) to reduce involuntary exchanges caused by "neighborhood effects," like air pollution; (e) to care for the insane and the infirm; and (f) to prevent private monopoly and collusion which restrains competition. Of course, private or market alternatives to many of these state functions have been occasionally suggested, as have additional governmental responsibilities. Essentially, the state's proper role is viewed as that of rule maker, umpire and nightwatchman.

The case for free markets is difficult to summarize. Its advocates have offered a variety of justifications for their views; their arguments fall into three rather indistinct categories: (a) economic, (b) pragmatic and (c) libertarian. The economic arguments emphasize that free markets generally allocate resources efficiently in response to the material wants of consumers. The pragmatic arguments are that direct state interventions to correct real or alleged market imperfections have been (and will always be) generally counter-productive. The libertarian position is that the free market is the system of economic organization which permits maximum individual liberty.

The justifications for the free market which I label "economic" naturally derive from standard economic analysis. The basic economic problem is the scarcity of available resources relative to unlimited human wants. To put it awkwardly, *how* scarce resources to be used with *what* techniques to produce *which* commodities to be distributed *to whom?*

A moment's reflection reveals the staggering proportions of this problem in a world populated by billions of people. An additional moment's reflection may also suggest that a decentralized mechanism which deals with this problem by relying upon the voluntary decisions of every individual could not avoid total chaos. This initial reaction, though understandable, departs surprisingly from the truth, because free markets in fact provide a remarkably efficient device for the rational allocation of resources and distribution of commodities. That is, in terms of every individual's own preferences, there is little scope for altering the outcome of the free market in a way that could make everyone better off, even hypothetically. If there were no way to make one person better off without hurting someone else, then an economist would say the economy was fully efficient and resources were rationally allocated.

Why does the free market come as close to attaining economic efficiency as it does when consumers are mainly interested in their own wellbeing and producers are interested in maximizing their profits? Adam Smith first provided the answer in the *Wealth of Nations* in 1776:

Every individual. . .generally neither intends to promote the public interest, nor knows how much he is promoting it. He intends only his own security, only his own gain. And he is led by an invisible hand *to promote an end which was no part of his intention. By pursuing his own interest he frequently promotes that of society more effectively than when he really intends to promote it.*

The principles underlying demand, supply and the price mechanism explain why the "invisible hand" works so well. Flexible prices automatically adjust to clear markets, thereby eliminating surpluses and shortages. Given these market prices, consumers spend their available income on various goods so as to attain the greatest satisfaction. In a given period of time, a consumer buys just enough of a good to bring his subjective valuation of the last unit down to equality with its market price. At that point he buys no additional units; another unit is worth less than its price to him. Thus, a free market price is a (relative) measure of the subjective benefits consumers receive from the last unit of a good they buy.

Consider the owner of capital who wants to maximize the return on his investment, i.e., his profits. He is induced to invest in the industry where expected profits are the highest. High profits act as an effective signal to expand output in this industry. This effect is desirable, because high profits mean that the cost of production per unit is less than the market price—a measure, remember, of the benefits consumers receive from the last unit purchased. The economy clearly becomes more efficient when it increases the output of a good which has a value to consumers in excess of the production cost.

Capital as well as other factors of production flow into the high-profit industry and are allocated efficiently by suppliers who try to reduce costs as much as possible. Production continues to rise until the increased supply drives down the market price enough to eliminate abnormal profits, i.e., un-

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til the cost per unit of output, including a normal profit, just equals its market price. In this way the producers' desire to maximize profits causes the free market to automatically approximate the following condition for economic efficiency: the economic cost of the last unit of goods produced must equal their subjective benefit to consumers.

Just as high profits signal that output should be increased, losses signal the opposite. The free market possesses an automatic feedback mechanism which discourages a firm that fails to satisfy consumers' demand at appropriate costs from staying in business. This responsiveness of producers to consumer demand is why free market competitive capitalism has been termed a system of consumer sovereignty.

Efficiency does not necessarily imply equity in the distribution of commodities, however, because views about equity differ widely. Some opponents of free markets argue that a distribution of income according to what a person and the resources he owns add to the value of production — the principle of distribution in the free market — is inequitable. But it does not follow from this view that free markets ought to be dispensed with, because income can be redistributed by taxation and transfers outside the market, e.g., by a negative income tax. The hidden costs of this proposal, though, are the inefficiencies introduced as a result of both the reduced incentives to work for rich and poor alike and the decline in savings and capital formation.

Most economists concede that free markets in actuality will not achieve complete economic efficiency because perfect competition will not always exist and because the market price will not reflect all the economic costs and consumer benefits of a good in the presence of external "neighborhood effects." Is it reasonable to expect state intervention to mitigate these inefficiencies? George Stigler expresses the spirit of the "pragmatic" arguments for *laissez-faire:* "Any economist who wants the government to act whenever the market falls short of perfection is like a judge in a singing contest who awards the prize to the second singer merely on the basis of having heard the first."

In fact, the record of governmental economic programs is poor; even the government's performance of its basic functions has been very spotty. Most unfortunately the failures of governmental activity have been commonly attributed to the free market and have in turn given rise to additional state programs. Improper monetary management has contributed to both depressions and inflations. Minimum wage laws and urban renewal programs have reduced the employment and housing opportunities of the disadvantaged. Tariffs and patent laws have lessened competition. The failure to extend private property rights to commonly owned resources has worsened the environmental problem, as have the activities of several governmental agencies, such as the Army Corps of Engineers. These are but a few of many examples.

I can suggest several possible reasons why the results of governmental programs continue to fall far short of their objectives while at the same time the economic role of the state continues to increase. The politician who promises a rapid governmental solution to a pressing problem has an advantage in a campaign. If his program, when enacted, fails to work, it nevertheless becomes entrenched. The political process does not possess an effective negative feedback mechanism to eliminate programs that fail. Oftentimes the results of the program are not carefully examined, and its less obvious faults are not discovered. Furthermore, the lobbying system matches the powerfully represented special interests of producer and worker organizations against the weakly represented common interest of all consumers. Perhaps the most significant reason, however, is that the values of the electorate are changing. People seem to be ever more willing to sacrifice economic freedom in order to realize an apparent gain in income, security or equality.

The libertarian refuses to make this sacrifice. For him liberty is the primary political value; initiated coercion is a repugnant means to any end, even economic efficiency. Voluntary transactions in the free market represent relationships among free men. Economic power is decentralized and, most importantly, is not in the hands of the state, which has historically represented the primary threat to liberty. His views are certainly unfashionable. Those who scoff at him today may wish in years to come that they had listened to him while there was still time. □

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A New Verdict on Welfare

Ralph Harris and Arthur Seldon

FOR MORE THAN twenty-five years since the inauguration of the Butler-Beveridge regime of universal government provision, intellectual debate on the British welfare state has been inhibited by the undemonstrated objection that radical reform is "politically impossible." This obstruction did not silence academics who felt drawn to examine alternative "models" of financing welfare. Indeed, provoked by the complacency of sociologists and political commentators, independent economists associated with The Institute of Economic Affairs have, since its foundation in 1957, persisted in asking unpalatable questions. The essence of their liberal critique was whether a monolith dependent on taxation could raise standards in welfare to match the affluence generated by competition and choice in free markets.

Alternative welfare arrangements are plainly feasible. No other country has gone so far as Britain in discouraging fees, charges and insurance by supplying medical care and education without direct charge to those families who could pay. All systems fall short of perfection, but the emerging challenge for students of the welfare state was how to mingle the equity of public finance with the efficiency of private payment.

The critical flaw in Britain's National Health Service "model" is that when a service is provided "free" it embodies no mechanism to sort out priorities and ensure economy by suppliers and users. It denies kidney machines to save life but removes tattoo marks to save pride. Practice confirms what economic theory predicts: when pricing is suppressed, scarce resources are wasted and urgent needs denied. The result is mounting pressure to improve service combined with stiffening resistance from taxpayers to government expenditures.

It was two Labour Ministers for the Social Services, Mr. Douglas Houghton and Mr. Richard Crossman, who most bluntly voiced the commonsense view that people will expend more money in direct payment for better welfare than they will pay in taxes unrelated to the services they receive. Hence far from proposing that state welfare be replaced by wholly private provision that would jeopardize the minority least able to care for themselves, liberal economists have refined policies that would permit choice between public and private suppliers: minimum standards, contracting-out, tax refunds to encourage self-help, acting directly on low income, vouchers to enable everyone to pay for a choice.

As these academic innovators developed more sophisticated alternatives to the crisis-prone state system, the skepticism and cynicism of those who dismissed the liberal innovations as "politically impossible" seemed increasingly perverse. How could they be sure that spending ten billion pounds —not eight billion or twelve billion—a year on state welfare was what the public preferred? Election results prove nothing, so long as all parties offer much the same welfare *table d'hote.* Political "leaders" should have learned something from the Britain

Unfortunately...

our essay on socialism by Tom Milstein of the Young People's Socialist League was lost in the postal system — an inauspicious circumstance for any essay proposing extended government services — and will be featured in our April number. Mr. Milstein is a first-rate advocate. We are confident his essay is well worth waiting for.

—RET

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calm as unemployment soared above what collectivists termed a "tolerable limit" of 300,000. There developed widespread "unacceptable" checks on immigration, massive support for "unthinkable" curbs on the power of trade unions, popularity of the reintroduction of "inadmissible" medical charges, etc.

The citizens did not seem to be so enamored with Socialist regulations as the politicians. In Britain clearly the winds of change were blowing for a freer society.

Certainly enthusiams for state welfare could not be deduced from the ninety-five per cent reliance on state schools or the NHS. Parents must be very well-off or self-sacrificing to turn from "free" services and pay privately for services after their incomes are left ravaged by modern taxation. The only other guides to public opinion were the surveys which asked people whether they "liked," "supported," or "favored" the NHS, for example. Not surprisingly such surveys produced large majorities answering "Yes." If people at Christmas time were asked whether they enjoyed receiving presents, few would reply "No."

Such attempts to measure preferences without prices have misled policymakers. It is hardly illuminating to ask the beneficiaries of public programs whether they wish to go on enjoying them without asking if they realize the price of these programs. As with market research conducted by industry, the customer can make a significant choice only by comparing the product or service with a priced alternative. Millions may "like" or "approve of" margarine, but whether they buy it depends on the relative price of butter.

It was to apply price-tagged testing of preferences that the Institute tentatively experimented with its first *Choice in Welfare* survey in 1963. After intensive pilot interviews, Mr. Leonard England (then of Mass-Observation) supervised a national survey among 2,000 family decision-makers (taken as male heads of households aged 21 to 65). The elaborate questionnaire informed respondents of costs and alternatives before inviting an expression of "macro-economic" preference between broad alternative polities of paying for welfare by taxes or by market prices, and of "micro-economic" personal preferences between state or private education and medical care. The findings were sufficiently at odds with the presumed consensus to provoke critics, not least Mr. Crossman, to question the sample and the technique. In 1965, when the survey was repeated with variations to meet criticisms, the increased vote in favor of private welfare looked all the more impressive.

The remarkable feature of the third survey, conducted by England-Grosse, is that it vividly demonstrates the extent of prevailing preferences for welfare policies quite different from what Conservative or Labour politicians are yet willing to concede. And with education and medical care more persons than in earlier surveys would now pay for the opportunity of a choice: over forty per cent with children of school age expressed interest in taking a voucher valued at two-thirds of school fees and adding the third out of pocket, and over thirty per cent favored a two-third value voucher for health insurance. A smaller survey among women (to meet earlier objections about our male sample) indicated even stronger support for choice than among men.

Such unexpected findings are bound to provoke continued argument on detail and interpretation, but two conclusions seem difficult to resist. First, opposition to radical reform in Britain's state welfare seems to be changing into support. Second, direct payment facilitated by insurance would release welfare services from the limit imposed by popular objections to paying more through taxes. It is this needless constraint, belatedly recognized by politicians, that has held back the expansion of medical care, pensions and education. □

Choice in Welfare 1970, **Ralph Harris and Arthur Seldon, published in 1971 at Institute of Economic Affairs, 2, Lord North Street, London SW1**

What a Day May Bring

Down With the Poor

Rhodes Boyson (ed.)
Churchill Press, 1971,
London

DOWN WITH THE POOR is an exquisite little compendium of case histories administering a long overdue drubbing to Britain's welfare state. The Queen's poor are still poor despite "social spending" to the tune of 45 per cent of her GNP. Both conservatives and libertarians will, however, want to avoid the book on an empty stomach. For release reading a good Heinlein scifi novel is vastly better and a Jehovah's Witness pep rally a damn sight more cheerful. It is too easy to imagine one's ethereal self writing identical prose about the good ole USA ten years down the road.

This work is the second product of the Constitutional Book Club, one of the organs of the British "New Right." British conservatives (note absence of cap "C") are still scarce enough to hold their national convention on a street corner without a police permit, but one should be encouraged that there are a few Limeys who prefer to remember Fabian as an American rock singer.

Rhodes Boyson's collection of critiques should swell those ranks. Our Brittanic Cousins have had no more luck with their frontal assault on poverty than has the OEO. Boyson's stable of writers lists some familiar reasons: destruction of individual initiative, bureaucratic proclivities for more of the currently fashionable programs without regard for result, interest group logrolling which channels much government effort and resources to the well-to-do (e.g. university subsidies) as a fat buy-off for tolerance of "poverty-aimed" programs (Buckley once aptly described this general phenomenon as "the economy of the criss-crossing dollar.") Despite the superb quality of analysis displayed in most of the essays, the book suffers from a minor blemish, and the fault is the editor's. Boyson divides his selections into three categories: Yesterday, Today and Tomorrow. Without great prejudice to Dr. Boyson, he can be fairly criticized for being too jolly well determined to cram everything into one of these pre-set temporal categories. "Yesterdays" talk about tomorrow, and "Tomorrows" talk about today and yesterday, until the reader is infected with time zone dysentery somewhere around page 80. Best advice is to forget what time it's supposed to be.

But if the editor deserves a kick in the bleep for his organization, he deserves a kiss on the forehead for the intellectual guns he has brought together for us under one small cover. Any semi-serious student of limited government will find Milton Friedman (the only American writer in *Down with the Poor* and a "yesterday" in the Triple Entente. . .Friedman should be used to being called a man of yesterday since *Time* does it to him all the time) on "Special Interests and the Law" to be old fedora, but vintage Friedman nevertheless. He is always worth reading.

However, the reader searching for trenchant factual brickbats equally suitable for slinging around at cocktail parties and in scholarly papers should content himself with the two best selections, Robin Page ("Strikers of the Queen") and Alfred Sherman ("Council Houses' Crumbling Foundations").

After a careful weighing of Page's evidence, I conclude that British trade union practices might — just conceivably — have made even the late Mrs. Roosevelt blanch. (I listened for grave-rumbling while penning that statement. Hearing none, I continued, but so great is my lightningphobia that my golf game now suffers from an uncasual interest in any dark clouds gathering in the firmament.) Page claims that "industrial anarchy" in Britain is quite as sacred and institutionalized as the crown, idolized by the government near-monopoly of the electronic media, and sustained by taxes extracted from its victims. "Striking workers are depicted as

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men guided by principle, not politics, willing to face considerable financial embarrassment. . .to obtain their just desserts." In fact, the strike weapon is more often an "offensive bludgeon" to create "unrest" toward the ends of "political power and prestige." That his wildcat has been adopted as the mascot of British labor is, to Page, not half so gut-wrenching as the state's penchant for feeding him porterhouse. The munificent benefits paid to strikers — income tax refunds and exemptions, family allowances and "supplementary benefits" under Britain's social security act — often and perhaps usually add up to the striker's normal take-home pay. Uncle Sugar take note. First food stamps, then the world.

Alfred Sherman is Martin Anderson in a tweed suit. Instead of the federal bulldozer and the low income high rise, the English ballgame is the "borough bulldozer" and the "Council House" of the local housing council. For Americans the *deja vu* is overpowering. From a limited program to house the woefully impoverished, the program has grown like Jack's beanstalk. Every housing bureaucrat must have his own Djakarta Sports Palace to show what a fine job he and his chaps are doing. And if there aren't enough poor to fill it. . .well, it would indeed be wasteful to leave the new housing idle, so we'll just recruit a couple thousand 5000-quid-a-year families. Waste not, want not. Far from increasing a flow of housing resources to the poor, Sherman argues a persuasive case that Council housing clearly diminishes that flow below what otherwise would be available with zero government "aid." The reader should spend an evening with nothing but Sherman's essay and a sharp pencil. A little arithmetic demonstrates that even Sherman is off by 100 per cent on every estimate making up his empirical case, the free market still wins and Housing Councils lose. Supporters of public slums in the U.S. should meditate carefully on the similar statistics available here. If ever a populace were to judge its *fonctionnaires* and politicians by result instead of the lofty morality of their verbiage, public housing must be among the first casualties on both sides of the Atlantic.

The reader will find other good things in this little gem (education vouchers, private health insurance and suchlike), but also one theoretical curiosum of little use. British teacher pensions are funded from present teacher assessments on a national basis *a la* OASI, and Boyson (properly) allots space to Fred Hill for a condemnation of this practice. Teacher retirement pension funds in the U.S. are state or local affairs, generally well-funded, often badly managed or managed for political gain, and frequently dominated by the local NEA affiliate. The boondoggle in the Kansas fund mounted to such proportions that their legislature braved the wrath of the teacher lobby to vote it out of existence. Indiana's is under probe because of serious irregularities. But Hill's portrait of "The Great Betrayal" of British teachers is at least good therapy. Yes, Virginia, it can come to pass that the teacher and not the taxpayer takes the screwing.

On a SALT-free diet.

Down with the Poor leaves one wondering how the poverty warriors can all be so mesmerized by their own *mea culpas*. How can so much buy so little? The vast number of absurdly close parallels between British action and result and our own suggests similar forces are defeating the schemes of the planners. Perhaps it is that the true achievement of Western economics — the economics of Wicksteed and Jevons and, indeed, Samuelson — has been overlooked in the vapid mouthings of its critics. That achievement is a social science with neo-praxeological rigor which tells us that if A is true, C must follow B as inexorably as saliva flows in Joe Rauh's mouth at the drop of a "McCarthy." *Ceteris paribus* and *mutatis mutandis*, the train rolls into its final station, notwithstanding hell, high water and the good intentions of reformers who envisioned a different destination entirely. That this station is named "The Disastrous Possible" and not "Idyllic Impossible" is due to that wellspring of human action known as self-interest — the motivator of Adam Smith s butcher, baker and candlestick maker. The few men who habitually violate this creed are usually canonized, and perhaps not all of them are violators. Self-flagellation is sometimes pleasant. This is the only "A" we can reasonably postulate. Government cannot make laws reflecting everyone's self-interest and does not, in fact, even try to do so. It can successfully compel inaction (thus and so an act is a crime) and hurt no one but a pathological minority. Welfarism inevitably means compelling positive action in favor of a well-placed and presumably non-pathological minority, with little or no reference to the distilled self-interests of the victims. Indeed, these are unknowable except to the individual.

State action becomes a shot in the dark. *Down with the Poor* is an important demonstration that Anglo-Saxon statesmen are still missing the target.

William Styring

THE REDISTRIBUTION FALLACY

People who, with indignation,
Pooh-pooh over-population,
Fume at me for making faces
When they tout the open spaces.
"No one lives in Minnesota,
Boise, Butte or North Dakota. . ."
No one lives there for a *reason:*
They ain't got no sunny season.
Even stuck in New York City,
Sioux Falls doesn't look so pretty.
Over-population's brewing
'Til we stop this mindless s****ing.

W. H. von Dreele

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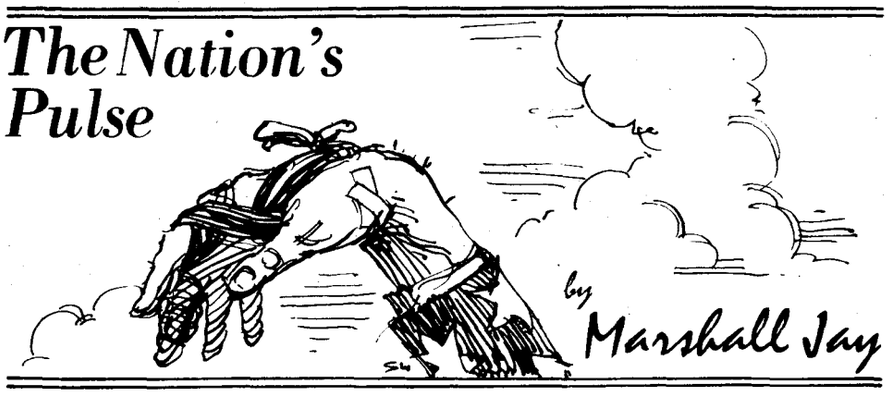
The Nation's Pulse



by Marshall Jay

Mr. Nixon Plays the Old Shell Game

(WASHINGTON) — The Budget of the United States Government for Fiscal Year 1973 stands before me on the desk, five volumes of various sizes bordered in blue, stacked back-to-back, measuring some six inches across the spines, weighing perhaps ten-to-twelve pounds. Two-thousand two-hundred and seventeen pages of bureaucratic duck-speak, annotated by multi-colored charts, graphs, tables — and numbers, numbers, numbers. The mind boggles.

Is there a man alive who comprehends it? Would a thousand hours' study unravel its mysteries? Where does one begin? — In high humor with the chapter entitled *Improved Management of the Federal Government*, or in deep despair with the section on Manpower Training? When Milton Friedman gets his copy, where does he begin?

Perhaps the numbers will help. Let's see. For fiscal year 1973, according to the Budget, there will be outlays of $246.3 billion and estimated revenues of $220.8 billion, leaving an estimated deficit of $25.5 billion. No, wait. There's a note indicating that these figures are based on the so-called "unified budget" concept, a gimmick that may well be marked as LBJ's most enduring contribution to the political longevity of his successors in office. Under the "unified budget," the real deficit is disguised by adding to the revenue side of the ledger the surpluses from federal trust funds, which are administered by the government in a fiduciary capacity. These include social security trust funds, railroad retirement trust funds, and the like. When the government undertakes to place them on the revenue side of the ledger for budgetary purposes, it is engaging in statistical sleight-of-hand; the funds are and will remain *borrowed* funds, no less so than if the government had to acquire them from the money market. For fiscal year 1973, these funds amount to $10.7 billion, which when added to the "unified budget" deficit, gives a true operating deficit (i.e., expenditures less revenues) of $36.6 billion.

Nor is that all. The fiscal year 1973, estimates are based on an estimated GNP of $1,145 billion, a figure that not even Julie and Trica can believe. A GNP of that size would mean a net increase over fiscal year 1972 of $98 billion, or the largest increase for any single year in the nation's history. But since even the President has indicated that 1973 will be only a "good" as opposed to a "great" year, we may take the GNP estimate as rosy indeed. Consider, for example, last year's track record (recalling, if you will, the President's prediction that it would be a "great" year): in January, 1971, the estimated GNP was $1,065 billion and the estimated deficit a piddling $23 billion; by December of last year, the estimated GNP was down to $1,047 billion, and the estimated deficit up to $44.7 billion — and that with the fiscal year only half over. How many more times will GNP be revised downward and the deficit revised upward? Who is to gainsay the estimable George Mahon, Chairman of the House Appropriations Committee, when he says that the deficit for last year could go as high as $50 billion?

Let's see what else the numbers say. The deficit for next fiscal year will be the third consecutive deficit of whopping proportions, the seventeenth in the past 20 years, the thirty-second in the past 43 years. The deficits during Richard Nixon's first term of office will total approximately $125 billion, or more than double the $54 billion total accumulated during Lyndon Johnson's last four years in office. The national debt by 30 June 1973 will total $493 billion, one-fourth of which will have been incurred during the administration of Richard Nixon. The interest on that debt will gobble up somewhere between 17 and 20 cents of every tax dollar collected by the federal government from individuals and corporations. What, God save us, has happened to the Republican Party?

One need only compare the budget sent to Congress by John Kennedy a decade ago, back in the days when presidential candidates and the American people still worried about missile gaps. In that decade, when the population increased about 9 per cent, the federal budget has grown 2½ times — and, as our Sainted Milton (Friedman) likes to say, that means about 2½ times as much chaos as there was before. Moreover, the Democrat candidates, who fairly tumble over one another promising new programs for the relief of mankind, now yak incessantly about the need to re-order our priorities. The sad fact of the matter is that we have already re-ordered our priorities: in 1968, the government spent approximately 45 per cent of its budget on national defense and related matters, and 32 per cent on "human resources" (as it is now called); for fiscal year 1973, those figures are reversed. What, indeed, has happened to the Republican Party?

Harry Hopkins said it so well during the 1930s: the secret to success in modern democratic politics is to "spend, spend, tax, tax, elect, elect." For the better part of 40 years, the Democrats possessed an exclusive franchise on the distribution of that particular brand of snake-oil, and they made a sizeable political fortune by the simple expedient of leaving the "tax, tax" part of the formula to the Republicans. Under Nixon, however, the party of Coolidge, Hoover, Taft, and Eisenhower — none of whom was ever recorded as a Keynesian — has been mixing up a batch of its own special elixir, which will be bottled under the label, "spend, spend, elect, elect, tax, tax." — And come next January, just to prove that a little bit of gall can sometimes make the medicine go down, the President will undertake to pass the "tax, tax" buck to Congress.

We can't say that Congress didn't have it coming. But still, the nagging question returns: what has happened to the Republican Party? □

A Memo to the Editor

Dear R. Emmett:

Are you aware that the American Security Council has recently done a study of America's defense in comparison with the Kremlin and found us to be in a bad way? Though the Nixon Administration has promised to keep "America strong," etc., etc., the American Security Council now finds that: a) Russia has over 300 super ICBM's (SS-9s) while we have exactly none, b) the Russian SS-9 delivers 25 megatons while our obsolescent Minuteman delivers just *one* megaton, c) Russia's total megatonnage surpasses ours by more than 6-1, d) Russia already possesses a missile defense system while we have none, and e) Russia presently leads the United States in nuclear weaponry and is actually increasing this lead.

An armament development is going, Russia will soon have the capability of destroying 95 per cent of our Minutemen missiles even before we retaliate. Meanwhile, the Nixon Administration has cut our effective military spending by only about 25 per cent. Is there anything we can do about this?

Cordially,
Roger D. Tyrrell

We have already published several essays on America's decreased military influence. Thanks to the energy of the National Strategy Information Center, the American Enterprise Institute and the American Security Council, evidence abounds concerning our diminishing capabilities. Even the **New York Times** *nods in this direction occasionally. It is possible that the Administration is awaiting the counsel of Charles Reich.*

RET

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Man, Ideas and Politics

by Peter Drucker
Harper & Row, $6.95

THE BEST FEATURES of twentieth century American conservatism come from Austrian liberals.

American conservatism is bound up with a defense of the political economy of capitalism. It owes less to Edmund Burke than to Adam Smith, and more to three Austrians — Joseph Schumpeter, Friedrich von Hayek and Peter Drucker — than to either British thinker.

Schumpeter is dead. Hayek is in Heidelberg. But Peter Drucker, who came to the United States in 1937 (after newspaper and banking work in London), is still publishing lucid, exciting books that rescue the good name of conservatism from the hamhanded grip of those who more aggressively claim to represent it.

Drucker was born in Vienna seventy years ago. He has been professor of management at New York University's Graduate School of Business since 1950. Before that he taught philosophy and politics. He understands that economics and politics must be studied together, and that the correct relationship between them is a matter of philosophic seriousness.

His field is what used to be called political economy. Currently he describes himself as a "political ecologist," a disagreeable (and uncharacteristic) piece of jargon by which he emphasizes his belief that "society, polity, and economy are a genuine environment, a genuine whole, a true 'system'."

As a conservative who is more interested in political economy than in T.S. Eliot, the Syllabus of Errors or the defense of bull fighting, Drucker is a cultural rarity, and a relative stranger to the readers of what pass for conservative journals in the United States.

He has now launched his eighth decade with his twelfth book, *Man, Ideas and Politics*, a collection of essays, some very recent, some written more than two decades ago. As usual, Drucker is no respecter of the borders which divide academic disciplines. He selects his topics freely, not at random.

A glance at this book might cause one to wonder what offshore investment trusts, Calhoun, Henry Ford, Kierkegaard and "deconglomeration" have in common. But in Drucker's competent hands these subjects become topics in his seemingly endless seminar on the nature and fecundity of freedom in a modern industrial society.

Today it is fashionable to believe that freedom is a chimera in a developed industrial society. Drucker does not agree. He believes that freedom is alive and expanding in such societies.

As an American Bagehot, he is an affectionate student of our institutions public and private. He is everything that Charles Reich (of *The Greening of America*) is not. He is not just a non-greener, he is an anti-greener. His writings are wonderful medicine for those who, despairing of life in a complex society, decide that liberty can only be preserved by scratching about in beanpatches at New Mexico communes.

Drucker tirelessly argues that a free economy is a complex *political* achievement. This is what makes him a valuable conservative of a distinctly American stripe. American conservatives cheerfully accept the truth of what European conservatives say about (and against) capitalism: it is a powerful cause of open-ended change.

American conservatives generally have no quarrel with the "negative" or classic liberal definition of liberty as the absence of restraints imposed by others. They believe the political and economic liberties are indivisible and inherently good. Drucker's special skill and delight is explaining that they are also productive.

The first essay on "the new markets and the new entrepreneurs" is a masterful survey of the tumultuous developments in the American economy in the 1960s. He analyzes the merger wave involving "growth companies," and relates to two new mass markets in investment and careers.

A career, he says, is not the same thing as a job. As people begin to seek the former rather than the latter, the economy will change as rapidly as the society it reflects. Here, as in essays on the Japanese economy, his analysis of "business" is really social analysis carried on by special, and effective means.

Drucker is also at home in the company of great men, as he demonstrates in his essays on Ford ("the last Populist and perhaps the greatest one"), Keynes (his "policies are magic — spells, formulae, and incantations, to make the admittedly irrational behave rationally") and Calhoun ("it is not that Calhoun was repudiated by the Civil War which is the key to the understanding of American politics, but that he has become triumphant since").

He is weakest in dealing with subjects that often bring even strong men to grief, like political prophecy and ferment among the young. His essays on these subjects have not aged well.

But Drucker has aged well, and this book is a worthy addition to what one hopes will be an expanding shelf of his intelligent books.

George F. Will

Selected Essays

by Oswald Spengler
Regnery, $1.95

FIFTY YEARS AGO Oswald Spengler's *Decline of the West* made a lightning-swift conquest of the republic of letters. But after a season, the Prussian schoolmaster's work was routed from the center of attention, presumably forever forgotten. The reading public, usually neglecting to survey the full spaciousness of this "morphology of world history," accepted the reviewers' scornful talk about "pessimism" and "prophecies of imminent doom." Academicians damned the book as a monstrous creation, misbegotten by a method which, although impudently magisterial, was unscholarly.

During the last half century, however, students here and there have found in Spengler their true educator. It is for this self-selected company that Professor Donald O. White's translation of Spengler's political writings has a special importance. *Selected Essays* brings into English the book-length essay *Preussentum und Sozialismus*. Written two years after the *Decline*, it applies to twentieth century politics the Goethean maxim which inspired that great work: *Alles Vergengliche ist nur ein Gleichnis*. Ideologies are but semblances of the life phases through which every cultural organism must pass.

The political ideals of our Western or Faustian culture are derived from phases of the life-histories of three nations. Spain presented the West with the ideal of militant Catholicism, realized in the conquest of the New World and reaching its climacteric in the defeat of the Spanish Armada. *Laissez-faire* capitalism attained its height in nineteenth-century England, a nation founded on the individualistic robber-ethic of the Vikings. Socialism belongs not to the Marxist parties but to Prussia. The ideal of service, of the value of work whether it be hand-work or brain-work, is the motive force of true socialism, and Frederick the Great first articulated this ideal with his avowal that "I am the first servant of my state."

Class is not a universal concept belonging to a universal political economy. It is English and tied up with property-holdings. The Prussian counterpart to class is a natural order or rank. Marx, according to Spengler, is meaningless after World War I, in which *laissez-faire* lost its spiritual resources, because his political economy, with its two-class system, applies only to an England of the past, the pre-war England of Manchester. In this England, work is a misfortune, a product of man's fall from grace, a burden to be borne by the unfortunate and underprivileged. Puritanism helped produce a philosophy of work which comported with Marx's Old Testament heritage. Consequently, "Democracy in England means the possibility of attaining to every existing rank."

Marxism, which is simply the negation of Manchester, is not true socialism, for socialism is above all a means

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or organization, the principle of authority, while Marx merely envisages the proletarian as the final victor in a competitive struggle. Hence, "Marxism is the capitalism of the working class" and Lenin's "dictatorship of the proletariat" is a tacit admission that Marxists aim at nothing more than the displacement of one minority's proprietorship by that of another.

Socialism is not public ownership but aims "to bring under legislative control the *formal* structure of the whole national productive force, at the same time carefully preserving the right of property and inheritance, and leaving scope for the kind of personal enterprise, talent, energy, and intellect displayed by an experienced chess player, playing within the rules of the game and enjoying that sort of freedom which the very sway of the rules affords.... Socialization means the slow transformation — taking centuries to complete — of the worker into an economic functionary, and the employer into a responsible supervisory official." The principle of organization that Spengler envisages seems to be more like that of Italian corporatism than any other system. Spengler's emphasis on the state's role marks him off from the National Socialist ideologues whose racialism forces them to exalt "the Aryan fold community" above constitutionally-prescribed state-forms. Furthermore, Spengler, for all his authoritarianism, recognizes that "Democracy, whatever one may think of it, is the political form of this century, which cannot fail to assert itself with success. There is no alternative. . .except democratization."

Marxism in its social democratic guise brought about the disastrous German revolution of 1918, while revolutionary Marxism (Bolshevism) is simply a weapon employed by Russia's new rulers in their war against the hated and alien Faustian culture. Spengler foresees the expansion of Marxism into "the colored world," i.e., today's Third World. Whether it exists inside the West or outside the West, Marxism is a destructive assault on the West, the spirit of Mephistophelean negation.

However, the West, like republican Rome, will pass into a final phase of imperial lordship which will endure for centuries. In *Decline*, Spengler describes the advent of Faustian socialism, the final political form of the West, in terms of the revolt of the forces of Blood against obsolete state forms established during the reign of Money. Spengler's metaphor is in no sense racialist; Blood-thinking is the ethic of rank, while Money-thinking is the ethic of class. The Viking expansiveness of Anglo-American *laissez-faire* has transformed the entire world, brought it under the sway of Faustian technics. The historic task of *laissez-faire* has reached its fulfillment and the future belongs to Prussian socialism.

Spengler, believing that biology, the logic of life, precedes ideology, wished to become a man of action directing the political public. His failure was partly attributable to the fact that his seemingly-idiosyncratic theory rose above party platforms and their clienteles. After explaining that Marxism and Manchesterism were obsolete theories, he hoped that true conservatives and true socialists, freed of partisan cant, would recognize their great common task. The Hitler regime brought destruction to his hopes and his *Die Jahre der Entscheidung*, published in America as *The Hour of Decision*, was seized and burned. Only his early death in 1936 saved him from the hostile attentions of the Gestapo.

But much more has gone awry than just one man's political mission.

We no longer foresee the West settling into a centuries-long phase of imperial grandeur and decline. Total collapse of the West in the coming decades, once only a nightmare, is an evermore threatening possibility in our waking world.

Can we draw practical corollaries from Spengler's little tract? Much of it seems narrow and even distasteful to us, but in the opinion of this reviewer, it has the educative power to draw us out of our present perspective and force us to ask basic and radical questions about our future action.

European integration is being led by social democrats, and Europe and America constitute one cultural unit. Hence, conservatives will find in the coming years that keeping socialism out of the American region" of the West will be as fatuous a struggle as keeping racial integration out of the Southern region of America. In all probability, conservatives will continue to confuse socialism with Marxism, will continue to construe equal opportunity" in terms of the class ethic.

At the beginning of the 1960s, young Americans had a choice of manifestoes: the Sharon Statement and the Port Huron Statement. The results of their choices are now obvious, not to be gainsaid by even the most libertarian" of conservatives. Even they now admit that the students are largely lost. Next, the workers of America will follow. Nevertheless, G.O.P. conservatives will forget nothing and they will learn nothing; lost in their dream of undoing the New Deal, they will simply wither away as, year by year, their new recruits appear in ever-diminishing numbers.

In Spengler's Germany, the D.N.V.P. conservatives dreamed of restoring the glories of the *Kaiserreich* while the workers turned to Marxism. The whole world knows how the workers were superficially won back to a national consciousness." However, although America was delayed in following the lead of European social democracy, due to its colonial isolation, it was also delayed in developing a potential for fascist reaction. If a man on horseback rides into our midst, he will come, like Pizarro, as a foreign conqueror alien to our culture, and, like the Incas, we will meet death in the midsummer of our lives.

Yet, the fate of the Amerindian culture fell outside the usual pattern of history, was an unnecessary accident. An educator such as Spengler can lead us to school ourselves in that radical conservatism which alone can win a future for our civilization.

Brent Nelson

Is the System Bad?

E.C. Pasour

THERE IS widespread discontent today in the United States, especially on college campuses. While much of it pertains to the Indochina War, there is also a great deal of discontent pertaining to our social and economic system. The most virulent attacks come from the "New Leftists," including members of the Students for a Democratic Society (SDS). The disenchantment is so pronounced that many are calling for a "revolution" without concern for the consequences. "Asked about the purpose of SDS 'revolution,' Tom Hayden replies: 'We haven't any. First we will make the revolution. Then we will find out what it is for.'"

The view expressed is undoubtedly held by a relatively small number of people. However, there are many people, especially in the intellectual community, who are highly critical of the market system which relies to a great extent upon the profit motive. Indeed, many of them urge that it be replaced by a form of social organization in which production is "to satisfy needs and not for profits." It is shown later in this paper, however, that there is a direct link between profits and the satisfying of wants or needs. Perhaps the greatest impetus of this view in recent years came from Professor J.K. Galbraith's book.
Society. The main thrust of this book is that in our affluent society the important private needs have already been satisfied and that the urgent need is to increase those services supplied by government.

Is there a basic conflict between satisfying needs and the profit motive? What is the role of the profit motive in a market economy? Would another economic arrangement be more consistent with our social and political objectives? The first step in attempting to shed some light on these questions is to discuss the economic tasks which must be performed in any economy and the possible ways of achieving these functions.

There are certain economic tasks which must be performed in any society. All of the tasks are rooted in the basic problem of input scarcity. Since resources or productive inputs are limited relative to the desire for their services, all desires cannot be satisfied and priorities in their use must be established. Hence, one task is to determine what goods get produced. This in its simplest form is the familiar guns

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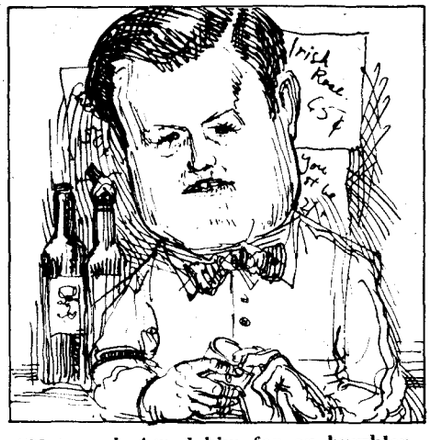
versus butter problem. A second task is to efficiently organize the production of these products. This involves channeling resources into the production of the various goods and services which are being produced. A third task is to distribute the product or to determine the income received by the various productive inputs. The fourth task is to provide for growth or economic progress.

There are two alternative ways of achieving these tasks. The first involves the free enterprise or market economy which is based on voluntary cooperation of individuals. The distinguishing feature of this form of economic organization is that resources or productive inputs are privately owned and the owners may either use the resources themselves or sell the resources to others to use. This is the one system which best characterizes the U.S., although it is more properly call a "mixed system" as will be explained below. In a market economy, prices play the key role in channeling resources into the production of these goods and services. Prices also play a key role in income distribution since the income any individual receives is determined by the quantity of resources he controls and the price he receives for them. Finally, if any economy is to grow or even maintain itself, provision must be made for replacing the inputs used in production. The interest rate (price of credit) plays a key role in investment decisions.

The price system of a free enterprise or market economy has been described as impersonal and non-authoritarian. This type system can be viewed as economic democracy or as a way to distribute goods and services among different people democratically, i.e.,, in accordance with their individual preferences as reflected by their willingness to "vote" for them by spending money on them. The economic "voter" can choose between hundreds of different items including many kinds of clothing, housing, recreation, etc. These votes for various products are reflected back to the producers of the different products through the pricing system.

It should be recognized that under a free enterprise system more goods will be obtained by those who have more dollars to spend. Thus, the "one man — one vote" rule adhered to in some areas of political democracy is violated. However, few people would hold that spending power should be independent of an individual's skill, effort, ability, training, kind of work, etc.



"Nature designed him for an humbler job. He would have been a very amiable bartender except for the wealth and power of his family."

Gore Vidal

The major contrasting system of organizing economic activity is that of central direction. Under democratic socialism the activities of society are carried on under the mandatory direction of agencies selected by majorities. In the U.S., the postal system, streets and highways, the central bank and a large number of schools and public utilities are owned and operated by government. Consequently, the U.S. is often referred to as a "mixed economy" since some of the activities in our society are publicly owned and operated while others are in private hands. Also, there is a large number of defense and space activities which are quasi-market activities although they are privately owned.

Production activities under socialism are not as likely to be responsive to profits as in a capitalist economy. Post Office salaries in the U.S. provide an illustration of the problem posed by central direction which does not rely on the price signals of the market. Uniform salary scales throughout the country mean that the real salary is lower in areas where costs of living are higher. Hence, a salary high enough to provide the desired number of postal employees in high-cost areas causes a rationing problem with respect to postal jobs in lower-cost areas.

Some activities such as many public utilities are "natural monopolies." For example, it is often feasible to have only one company in a particular area providing electric power, bus service, etc. In such cases, it is in the public's interest for the utility to be either owned or controlled by the government. There are other activities such as the postal system and public education in which many people feel the market should play an expanded role. On the other hand, there has been a movement in recent years to restrict the role of the price system in some areas includng medicine and public welfare.

It should be emphasized that reliance on the price system does not eliminate the need for government. Government is necessary to determine, interpret, and enforce the "rules of the game." Indeed the market economy hinges on the institutions of private and corporate property along with the rule of law which provides security to property and freedom of individuals to move and trade.

If the government does not actively and adequately define and enforce the rules of the game, resources will be misallocated under capitalism. In order for a market economy to achieve the desired results, competition must prevail in input and product markets. This means that government must enforce this "rule of the game" and control monopoly power through antitrust activity.

The problem of "externalities" will also cause a misallocation of resources in the absence of governmental intervention in a market economy. This problem arises when there is a divergence between private costs and social costs as is the case with air and water pollution problems. The private costs of a fire in a home fireplace, for example, consist of the costs associated with the fireplace and the wood used. If the smoke pollutes the air and affects other people, there are costs imposed upon others. The sum of all costs resulting from the fire in the home fireplace may be viewed as the social cost or the cost to society.

If the divergence between private and social costs is large, as when a factory emits smoke and other pollutants, too much smoke will be emitted unless action is taken to ensure that the factory's private costs reflect the real cost (cost to society). It is possible for government through restrictive legislation such as taxing the polluting activity or setting and enforcing air purity standards to ensure that the market will operate efficiently. In this sense, then, pollution problems are legal problems and should not be viewed as resulting from a breakdown in the market mechanism. In practice, however, we usually do not know the correct level of treatment or tax (i.e., the proper legal response). Setting pollution standards which are "too restrictive" involves costs just as surely as setting standards which are "too easy." In either case, capitalism will predictably misallocate resources in the sense that too few or too many resources will be used in the polluting activity.

Historically, there has been a direct link between economic freedom and political freedom. In fact, it is not at all clear that institutional arrangements to preserve freedom are possible in a socialist society since it usually involves public monpoly which is at least as pernicious as private monpoly. In a socialist society all jobs are under direct control of political authorities. Since one must make a living before he can advocate anything, the burden of advocating a system of government directly contrary to official policy would indeed be great. Hence, it is not accidental that there is, as Milton Friedman says, "no example in time or place of a society that has been marked by a large measure of political freedom, and that has not also used something comparable to a free market to organize the bulk of economic activity."

In a competitive capitalist system, economic power is widely dispersed relative to a centrally directed economy. Hence, it is much easier to advocate and finance unpopular causes under free enterprise. Today, for example, we find individuals advocating revolution and an end to the free enterprise system in the U.S. There seems little doubt that these individuals would not have this freedom under any other economic system. Thus, we have a paradox. The individuals proposing to abolish the free enterprise system would not be as free to criticize the system under any other form of economic arrangement.

The task of economic policy in a limited democracy is to provide institutions which cause men to *freely* behave in ways that will increase the

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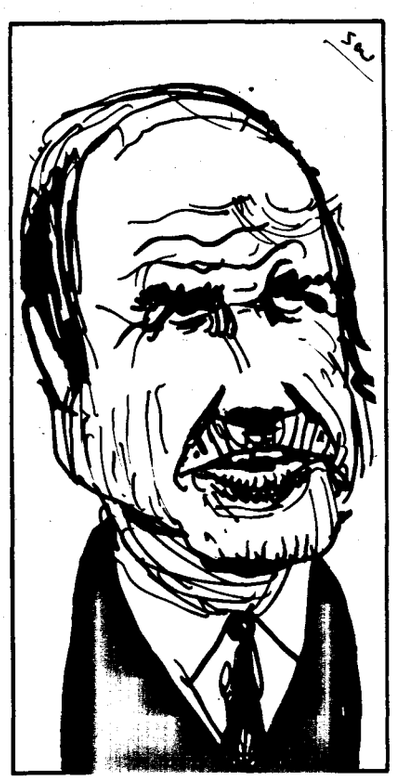
opportunities for all individuals. The market is an instution which induces people under competitive conditions to do what is in the interest of society. Even in the case of pollution and other externality problems, the market will still induce people to act in the interest of society so long as the law properly defines property rights so that private costs and social costs are equal.

If the market economy promotes economic and political freedom, why is it so often criticized by responsible intellectuals as well as by New Left nihilists? A main indictment of a market economy is that it operates on the profit motive which is often described as greed and viewed as an anti-social element of man's behavior. The pervasiveness of this view on the college campus was reflected in a recent (1970) Harris poll of a cross section of undergraduate students in U.S. colleges. The poll revealed that two-thirds of the students feel that "our troubles stem from making economic competition the basis of our way of life." Yet the jobs provided and products manufactured in a market economy require that enterpreneurs realize a reasonable return on their investment. Furthermore, if consumer sovereignty is to prevail, the level of profits for various producers mus vary such that the production of some products is being discontinued while that of other products is increased. Thus, unless the entrepreneur follows the profit motive, i.e., his self interest, there will be a breakdown in the system of transmitting information from consumers to producers. Adam Smith, the father of modern economics, recognized this apparent paradox in 1776 with his "invisible hand" doctrine. According to Smith, each individual in pursuing his own self-interest is led as if by an "invisible hand" to a course of action that promotes the general welfare of all.



Portrait of Sen. McGovern: The Thinker

The motives of individuals are complex and one's actions taken to promote the public interest cannot be readily separated from those taken to promote his self-interest. However, part of the confusion between self-interest and public interest results because the motives of certain economic interests are often clearly not what they are purported to be. The rapid increase in productivity in agriculture, for example, has not been achieved by farmers "in order to provide consumers with a stable, high quality supply of food at low prices." Instead, producers adopt new technology because it is in their own self-interest and most of the gains from the new technology are passed on to the community at large as a result of the competitive process. Innovators—those who adopt early—often yield handsome profits for a time, but the pressure of competition soon drives prices down so that no producer is receiving excess profits. Thus, by following the profit motive, production becomes more efficient and consumers obtain food at a lower cost. Self-interest and benevolence are often interwoven.

If the entrepreneur doesn't follow the profit motive as reflected through the price system, the allocation of resources and distribution of output will be distorted. If he attempts to sacrifice his own interests to some supposedly higher social responsibility, the result is likely to be different from that anticipated. There is also a problem of knowing what "social responsibility" requires where one assumes that he should not follow the profit motive.

To illustrate this point, consider the case of an individual farmer. Recently made aware of the harmful effects of chemical fertilizers, pesticides, insecticides and herbicides, he decides to discontinue their use. The effect of using organic fertilizers and only mechanical means of controlling weeds, pests, and diseases results in increased costs and lower yields. Thus, the effect of his attempting to follow what he conceives as his "social responsibility" results in a large decrease in net returns, a loss of his competitive postition in production and, in many cases, bankruptcy. This suggests that where one producer or consumer acting unilaterally attempts to follow his social responsibility rather than his private interest, neither private nor public interest is likely to be served.

This is not to say that legislation may not be needed to control the use of materials posing hazards to the environment. If there is a divergence between the private costs and the costs to society of using chemicals, then too many chemicals will be applied unless legal action is taken to raise their private costs. If restrictive legislation is enacted (to increase private costs) which reflects the real cost of using chemicals, all users will be affected and will reduce their use of these inputs. Costs will then be increased for all producers, product prices will rise and the consumer will be induced to economize on the use of the product. Thus, if restrictive legislation increases private costs of any input so that producer cost reflects the real cost, the market will properly allocate the input.

Hence, one can defend the view that the market in the absence of monopoly or externality problems operates to bring about adjustments which are in the public's best interest. When the market is thwarted through governmental interference to assist certain groups through minimum wages, price supports in agriculture, etc., the effect is often different from that anticipated by the sponsors of the legislation. A minimum wage, for example, has been shown to harm individuals it was designed to help by putting them out of work. Price supports designed to improve farm incomes actually have widened the gap between incomes of small and large farmers.

Even if one feels strongly against the market system on the basis of its reliance on the profit motive, what are the alternatives? While it is true that a market economy is based on self-interest and the profit motive, changing the form of economic organization will not eliminate the conflicts of interest between individuals. One can view the market as a cheap, impersonal way of resolving conflicts. Furthermore, it is not clear how one could institute a system in which men are working only for the betterment of other men and are not concerned with material goods since few men have been able to emulate the life of Christ.

Closely related to the charge that the market is materialistic is the charge that a market economy leads to an unequal distribution of incomes. There are two appropriate points which should be made in reply to this charge. First, inequality of incomes is justifiable and socially useful. Unequal incomes induce people to acquire useful skills through education and training, to undertake less pleasant or more dangerous work, and to postpone consumption which promotes investment. If the "functional inequalities" of incomes are too small, they no longer will perform these functions. An example of this problem is cited by Abba P. Perner: "In Great Britian ... a few years ago there was insufficient incentive for workers to work overtime or to move to more useful occupations. this led the Labour Government to reduce income tax on overtime pay. In the opinion of the Labour Government and, indeed, of almost everybody in Great Britain, the previously existing inequalities of pay were insufficient to perform their function."

Inequality of incomes is caused both by unequal incomes and unequal endowments or inheritances. Inequality of incomes arising from differences in the quality or quantity of an individual's input is justifiable and socially useful as illustrated above. How about unequal inheritances? Can one justify a person being permitted to bequeath large sums to heirs so that the heirs' livelihood does not depend on their own contribution? As much as one may regret the way some inheritances are used, a ban or confiscation of inheritances would seriously restrict the freedom of a person to aid his heirs in the way he desired. Why should an

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individual not be permitted to increase the income of his heirs through an inheritance just the same as he can increase their income through investing in their education, setting them up in business, etc. Mishan contends that the inequalities of income arising from inherited wealth is no longer the most serious problem. Instead, he holds that in the future men who inherit talent will occupy the fortunate positions in society which were formerly occupied by men who inherited wealth.

A second point is that while many (if not most) people feel that income distribution in the U.S. is too unequal, there is no justification for concluding that incomes in the U.S. are becoming less equal or that incomes are less equal in market economies than in centrally directed economies. On the issue of income distribution over time, Daniel Orr presents evidence to show that income distribution in the U.S. has become more equal since 1930. On the other hand, although the Marxists started the idea of abolishing all income inequality, Lerner contends that income inequalities in the Soviet Union are as great as those in the U.S. Furthermore, income equality in the Soviet Union is no longer an official goal.

How about the contention that there is a misallocation of resources between the public and private sectors in the U.S.? The argument that too little is being spent on public goods and services isn't very persuasive in a democracy so long as society is aware of the potential costs and returns from expenditures in each sector. Although we hear much about the wastes of advertising in private enterprise, an equally persuasive argument can be made that there is a tendency to underestimate costs in assessing public expenditures. Many people take for granted public expenditures for education, postal service, public libraries, etc., without considering the opportunity costs of these expeditures, i.e., what they would do with the money if these were not "free" public services. In higher education, for example, Friedman has pointed out that the present use of tax revenues represents "a major tax on the poor to subsidize the not-so-poor." Families whose children go go college have higher incomes than those whose children do not. Yet both sets of families pay taxes. Hence, public expenditures in higher education have an impact much different from that envisaged by many of its strongest proponents. Since a college education improves earning power, a persuasive argument can be made that students should be required to pay the full cost of their college education and that government should only provide student loans.

Much more attention could also usefully be directed toward using the market system more extensively in connection with public expenditures. There seems little doubt, for example, that a graduated scale (or surcharge based on quantity used) in pricing water services would be much more effective than public admonitions to conserve water during periods of water "shorgage." Indeed, reliance on the market would suggest that a higher price should prevail during periods when costs are higher (periods of "shortage"). If the market mechanism were used in pricing water, some of the shortage would be observed not to be genuine. At least part of the shortage is caused by the price being set below the equilibrium price for water during dry periods. Likewise, if a subsidy is to be provided, government by subsidizing students directly instead of by subsidizing public education institutions could widen their freedom of choice and alleviate the financial problems facing many private colleges and universities today.

Also, there is often heard a closely related charge that we, the public, no longer have control over our tastes due to the persuasive influence of advertising. Is Galbraith's view correct that consumer wants are in large measure determined by producers, through advertising? Much advertising is competitive in the sense that substitute products are being advertised. Thus, it seems apparent that the presence of advertising does not negate the problem of choosing between alternative products.

Gailbraith in *The Affluent Society* also asserts that many of the wants still unsatisfied are not innate wants but wants which are created by the process by which they are satisfied. The conslusion, then, is that such wants cannot be urgent or important. Frederic von Hayek points out this conclusion is a complete *non sequitur*. "To say that a desire is not important because it is not innate is to say the whole cultural achievement of man is not important.

Although few people would deny the information aspect of advertising, there has been no conclusive empirical work showing the relationship of advertising to "forced" consumption. However, there appears to be a great deal of casual evidence that the market responds to consumers' desires whether their tastes are elevated or depraved. Thus, at least some of the criticism of advertising is likely caused by the fact that consumer tastes are not what those voicing the criticism feel they should be. There seems little doubt that the view holding that advertising has emasculated consumer sovereignty is held most strongly by individuals who would not agree with consumer sovereignty in sovereignty in resource allocation with or without advertising. It is also interesting to observe that critics of advertising in the economic sphere are willing to subject others political advertising ("campaigning") and permit them to vote accordingly.

Today the social value of the market system is widely questioned. One reason the social value of the market is often held in low repute lies in its very nature. It is impersonal and has no agency or government bureau to extol its virtures. Yet, there is much evidence the free market is exercising a strong civilizing influence. The profit motive has provided many of the material goods which have improved living conditions and cultural standards. Indeed, progress and development through technological innovation has made available to masses of people luxuries which where previously available in some form only to the truly wealthy. Indoor plumbing, central heating and electric dishwashers along with television and radio are examples of household conveniences and entertainment available to the masses today which were always available in some form to the wealth through the use of servants, entertainers, etc.

John Jewkes holds that "the most potent of all civilizing forces is the uncensored and easy access to the written word." The paperback book developed and sold by men following the profit motive has made book collections previously worth fortunes available to the masses in the Western World.

A less obvious example of the civilizing influence of the market system pertains to its way of ameliorating the frictions which arise between men of different religion, race, or political viewpoint. In the market, people associate voluntarily because each expects to gain from the transaction.

Thus, political conflicts between countries arise in spite of the fact that individuals in each country find it advantageous to trade with individuals in the other country. The same principle holds in the relationship between men of different religions or race within a country. Competitive markets impose costs on the racially prejudiced. In some cases, these costs have been avoided by imposing official legal discrimination (as in the South following the Civil War).

Many critics have no understanding of the complexities of a modern economic system. Instead they only see the flaws in the system and these are contrasted with an idealized utopia where producers and consumers hold public interest to be paramount. Any real world institution will be imperfect. Hence the supporting institutions of a market economy must be constantly evaluated and strengthened. More attention, however, should be directed toward developing the potential of the market system. This in externality problems (reducing pollution, etc.) and in controlling monopolies and oligopolies, will involve using public powers more extensively. In many other areas, it will mean reducing governmental restrictions to permit an increased reliance on market forces. However, working for a more effective system is fundamentally different from working to abolish the system. Before heeding the advice of those calling for radical changes, one should first consider the alternative being proposed or, indeed, whether an alternative is being proposed. □

Great American Series

"Inflation is repudiation."

Calvin Coolidge

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The Degredation of the Academic Dogma

by Robert Nisbet
Basic Books, $6.95

THE IMPRIMATEUR of Basic Books means that the book will be interesting. It may not be right, but it will be interesting. This book of Nisbet's is, as far as it goes, correct; it is also a delight to read.

Nisbet is both a sociologist and an historian of ideas. The book reflects this. Its basic thesis is that the university, as the last truly medieval institution, was finally eroded by the forces of modernism after the Second World War. The primary acid in this erosion was the advent of "the higher capitalism," as he calls it, i.e., the new academic entrepreneurs who went after the federal grant money that poured into academia after the war. By altering the financing of the university, the government seriously altered the structure of the university community.

Nisbet sees community in a medieval sense: personal relationships, human bonds, statuses, authority, hierarchy, solidarity and dogma. Marx, Nisbet says, was correct in his estimation of the effect of the "cash nexus" of modern economic life on medieval institutions: it either destroyed them or radically altered them. The university, which had preserved itself intact for eight centuries, finally capitulated in the period 1945-1970.

How could universities survive so long? Because they had a unifying dogma: "*Knowledge is important.* Just that. Not 'relevant' knowledge; not the kind of knowledge that enables one to wield power, achieve success, or influence others. *Knowledge!*" And, additionally, knowledge that is to be communicated through teaching. Research was always to be geared to the teaching function.

There was hierarchy in the university, one which was based, at least in theory, on successful scholarship. Department chairmen were once men of academic prestige, and who had power because they handed out the meager funds for research, recommended men for promotion, and brought prestige to a department or institution. But with the advent of the federal grants — grants made directly to competing individual professors rather than to the department or the school as a collective unit — the old hierarchy of status and prestige collapsed. Chairmanships went to other men of lesser status, as the new breed went after the money. Administrative skill replaced intellectual prestige as the chief criterion; in some cases, the chairman's post went by default to those who could afford the time away from the scholarly grind: sometimes hustlers, sometimes drones, but few with money to spare for underlings' projects comparable to federal financing.

The mystique of tenure faded when the affluence of the world outside the university invaded the campus. Job security replaced the older, charismatic concept of tenure. Men were now hired" rather than appointed." The star system of recruiting took over; as Nisbet says, it was a star system without a reserve clause. Salaries climbed for all professors because of the high wages earned by the institute men; the academic dogma persisted: all men within the guild are scholars and therefore basically equal. This is why, he says, the university is a costly place to get research done: universities have to pay the whole faculty at the higher rates of the grantsmen. It would be cheaper to put researchers in non-university think-tanks, leaving chancer scholars behind, at $5,800 a year.

From honor to salary, from status to contract, from community to business, from *Gemeinschaft* to *Geselischaft:* the path of the university is clear. The academic jet-setters, the conspicuous research people, the higher capitalists have succeeded in undermining the ancient structure of the university. Weber's concept of the disenchantment" would seem to apply. The old mystique is gone from the university.

Once the idea that the university is to serve the public in a direct fashion became popular, the university became subjected to terrible outside forces that have threatened its existence. The university has always served the public indirectly, by producing disciplined (intellectually) graduates. But direct service is the siren's song. If middle-class white farmers get their agricultural experimental stations, white parents get their children's educations at below-cost prices, the Pentagon gets research, along with HEW and numerous other governmental agencies, who can deny the same services to ethnic minorities? And who else needs help? What other problems loom ahead?- Urban crises, pollution, transportation problems, and the crisis of the lonely middleclass housewife all threaten our existence.

Not only is the professional mind incapable of answering these questions — such answers involve men in "the sweat of politics, the odor of expediency, the clutch of compromise" that professors hate — but if they attempt it, their real task, research and teaching (a unit operation) will be compromised. Without this, the academic dogma, the very life of the university is challenged. The multiversity cannot survive, in all likelihood, if "multi" refers to multiple goals. A community needs a single goal to take precedence if it is to survive as a separate structure. Without it, stasis occurs, that sense of vague distress, the result of shifting boundaries, where unity, purpose and meaning drift away. And stasis, Nisbet hastens to tell us, is the very stuff of revolution, wherever it appears. (His chapter on the typology of revolution is worth the price of the book.)

There are at least two serious weaknesses of this book. First, Nisbet does not really explain why the lure of federal grant money was so successful in uprooting the old university. Why was there no resistance to the lure? Why wasn't the university bought off earlier? Or, alternatively, was it bought off years before? In short, which comes first, intellectual and moral erosion, or bureaucratic alterations in financing? Second, if financing is crucial to any sociological explanation of the operation of a structure, what type of financing predominated before 1945? Did it in some way lead, in principle, to the post-war crisis?

Both questions are crucial, and both are interrelated. The old dogma of knowledge for its own sake", when coupled with the coercive financing of the tax-supported university, led to a much earlier undermining of the traditional university. The larger the tax base, the more pressures from the public for services, and the more pressures from the public against sectarian" scholarship. Only if the even more fundamental dogma — the one Nisbet avoids mentioning — is accepted by everyone can the university preserve its autonomy: the dogma of the possibility of neutral scholarship. Without the dogma, the tax-supported school is left without legitimacy in a democracy. And it is precisely this dogma which the scholarship of the last two decades has undermined; Manheim's *Ideology and Utopia* has finally begun to be taken seriously; everyone is reading Kuhn's *Structure of Scientific Revolutions.* Revisionists, new leftists, young

(continued on page 21)

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The Bootblack Stand

Dr. George Washington Plunkitt, our prize-winning political analyst, has just completed a penetrating study of the last Congolese election. Published in August, it focuses on the unique position of minority groups in the Congolese electoral process; it can be purchased in all bookstores. It is titled *Escape! A New Demand Response System*. Now, through this column, the distinguished Dr. Plunkitt has agreed to advise American statesmen in this time of troubles. Address all correspondence to The Bootblack Stand, The Establishment, R.R. 11, Box 360, Bloomington, Indiana 47401, Continental U.S.A.

Dear Mr. Plunkitt:

As a former resident of New York, perhaps you could suggest a way that I can handle the police scandal?

Sincerely,
The Hon. John Vliet Lindsay

Dear Mr. Lindsay:

Before I respond, I first feel compelled to comment on how unfortunate it is that 10,000-12,000 corrupt cops can ruin the reputation of the whole force. In answer to your question, however, I would call a news conference and point out that the corruption being unearthed happened in the last six years when the city had a Republican mayor.

—GWP

Dear Mr. Plunkitt:

I should like to know if Mr. Howard Hughes has ever run for high political office.

Cordially,
J. Edgar Hoover
Grand Britannia Hotel
Paradise Island, Bahamas

Dear Mr. Hoover:

It is very good to hear from you. I had heard that you were not in the best of health. Do not let a few dizzy spells slow you down; there have been sick people in government for years. Senator Kennedy's guff to the contrary, government has always been operated more smoothly by politicians afflicted with arthritis, neuritis, neuralgia and piles than by politicians afflicted with acne and growing pains.

In reply to your note, which mysteriously dissolved the instant I put it on my xerox machine, yes, under various aliases Howard Hughes has run for high political office — though I am not sure you would consider the presidency a high political office. On no less than five occasions he sought the Republican nomination under the alias "Harold Stassen." Switching parties last summer, he made a brief campaign for the Democratic nomination under the name "Harold Hughes." A bizarre challenge to political norms, this campaign might well be considered in later years to have been slightly ahead of its times. He seemed to be building a coalition of rehabilitated alcoholics and mystics. Now he has started a new campaign, using the name "John Lindsay," and making eyes at all those Americans who judge incompetence and beauty as the hallmarks of statecraft. I think I shall vote for him.

—GWP

"THE BRITISH *have the peerage/ For duffers on the wane; / In France, to be 'immortal' / Helps mitigate the pain. / A widow in the Punjab / Leaps on her hubby's pyre; / In major corporations / The fuddy-duds retire. / An Eskimo who's had it / Is simply set adrift. / But who when offered Humphrey / Would take him as a gift?*"

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CORRESPONDENCE

To The Editor:

To accept an argument I think you would agree that it inevitably becomes necessary for one to purchase the prime example given to drive home the major contention of a polemic. It is precisely here, however, that Will's proposition for "The World Role of the United States" (Nov., 1971) seems to fail.

Will gives us no criteria, beyond some examples, for making a decision as to when the "world role" of the U.S. righteously involves the use of force. He offers "no 'general theories' of international stategies and tactics" for this purpose. He decides, instead, to gain our faith in this by the examples of the war against Hitler, and by our intervention into Viet Nam. We are told these actions are at once of the same character, and thus are both positive examples of "extensive good works" abroad. But for this faith one must accept Will's contention that our military action in Viet Nam is "morally mandatory." Accordingly, we have no moral options to our action there. If one is convinced so far, then the results of the war there provide us with a special "precedence in teaching nations how to live."

I would agree with Will that the Viet Nam war provides "general axioms of practical wisdom learned by personal coping" with this particular case of the exercise of our power. But in an ironic way. That is, to the opposite of what Will would try to convince me that the war there has shown. The results of the Viet Nam war do not disturb Will's rightful vision of our "manifest duty to use our great power on behalf of those principles we believe in." To make sense of such a statement, however, one must name the principle in question, an explanatory step that Will does not take. The results of the Viet Nam war have proved to me that the principle of *physically* intervening in the civil war of another nation (an action which anyone would agree we took in Viet Nam) is not an acceptable guideline to our world role. And by saying this I insist I am no less an advocate of the moral duty of great power to commit good deeds than Will is, but rather a more rational and heedful one.

Sincerely,
Patrick Groff
San Diego, California

To The Editor:

Back in '68 they told me if I voted for Hubert Humphrey the United States would move closer to a *detente* with the Red Chinese and those Ruskies. They told me if I voted for Hubert Humphrey the government would have a tighter hold on the economy and our dollar might be devalued. The told me if I voted for Hubert Humphrey we would move closer to a minimum annual income and our great cities would be polluted with food stamps. They also told me if I voted for Hubert Humphrey that our sacred federal bureaucracies would be infested with key agents of the Council on Foreign Relations. All in all, I was told if I voted for Hubert Humphrey our country would move further down the path of socialism.

Well, darn it if they weren't right! I voted for Hubert Humphrey and it has all come to pass! I wonder whose big thumb has been on the trigger?

Reminiscently,
Mort Hornsaw
Gig Harbor, Washington 98335

To The Editor:

Bob Tyrrell's review of Columbia's Tchaikovsky album (December *Alternative*) was on the mark and necessary. Especially, necessary! For too long, the agents of Nut Cracker Suite have oligopolized Tchaikovsky sections of good record shops only to leave the effect of relegating one of Modern Music's three geniuses to a sentimental but nonappreciative position in listening land. Until now!

As for the other two Masters, Mahler and Sibelius, the former has been discovered by the contemporary musical establishment, by Everest Records. (Better renditions of his symphonies are being prepared by Columbia.) However, Johan Julius Christian Sibelius is still ignored. (i.e., the recording of his works are generally seedy, prepared only by minor league companies. The exception is London Sterio's Ricci adaption of Sibelius's *Violin Concerto* Longon Symphony Orchestra-Fjeldsta).

Part of Sibelius's raw treatment can be ascribed to a suspicion by ideological Disk-Studs of his Finnish patriotism which was, to be sure, complete and unabridged. Finns are tough people. They are brooding, melancholy, temperamental versions of the old Hungarian. (wit: How like Chopin is Sibelius on the piano!) Tempered in spirit by a history of oppression, they react with a fierce anger and a sensuous enjoyment which is more energetic than it is tender. As composers, they are in the Wagner class — albeit, Hungarians left us with, respectively, more fishermen and gypsies than music men. However, Sibelius waits to be appreciated, and I believe Bob Tyrrell is worthy of the task. *Rechtes Uber!*

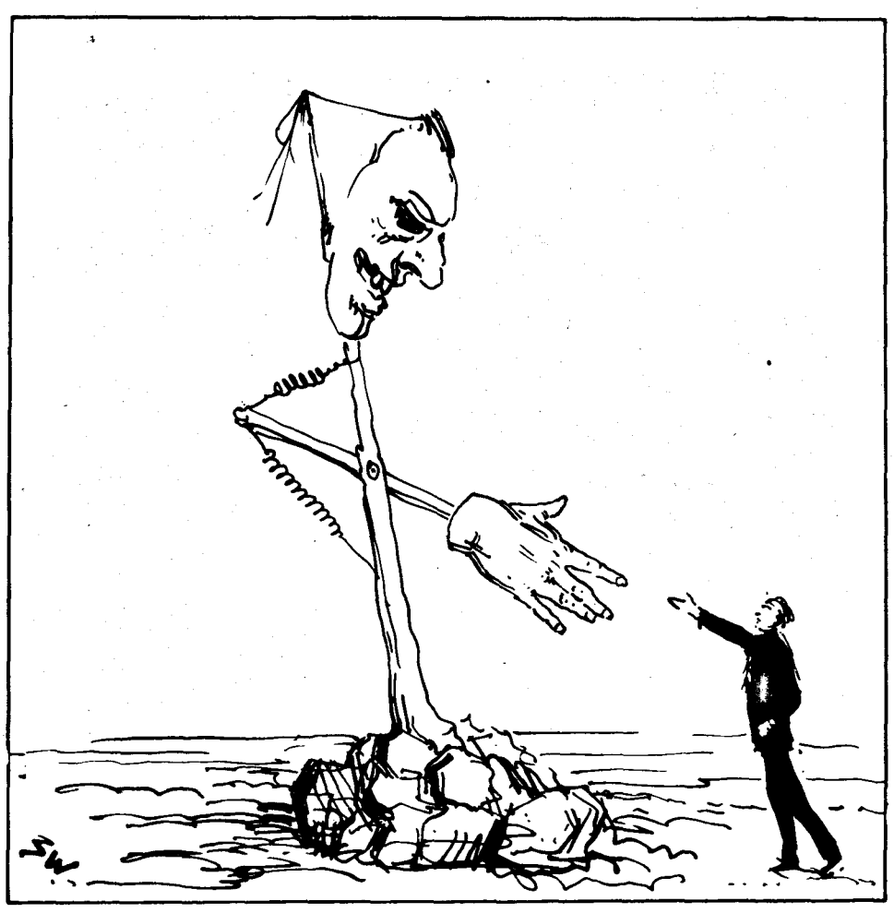
Ronald F. Docksai
Flushing, U.S.A.

To The Editor:

I recently came in contact with your November issue of *The Alternative*. I found it a refreshing change from the usual.

I am anxiously awaiting your next issue.

Sincerely,
Charles Wood
Plymouth, New Hampshire 03264



A Political Machine

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CONTINUING CRISIS
(continued from page 2)

12,759 pages. It took Irish freedom fighters five days to murder their first British soldier of 1972. And in Toronto Mr. David Wilfred Todd was arrested for leaving his wife in a friend's meat freezer. Maurice Chevalier passed away as did Earl Dean who is still renowned for his 1915 invention of the Coca Cola bottle.

• History was made by the women's liberationists when Milwaukee's bureau of sanitation abandoned its prohibition against employing women to shovel snow. The National Organization of Women's Mrs. Roxcy Bolton again demanded that the National Oceanic and Atmospheric Administration refer to hurricanes as "him-icanes," to be named after men rather than women, as is the present custom. And the revolution came two steps closer to consummation when in a flush of traditional American idealism, Senator Jacob Javits and Rep. John McDonald nominated Barbara Jo Brimmer and Valerie Shoen to the Naval Academy.

• In education the University of New Mexico made headlines by expanding its Navajo language program — it now includes 66 students. Accompanied by his heavily armed wife, Stanford professor H. Bruce Franklin held a press conference to calmly discuss the university's surprising attempt to fire him. At the Pardeeville, Wisconsin annual watermelon eating championships a Chicago teacher spit a watermelon seed 37 feet, four inches to win the seed spitting event. And at the annual meeting of the American Historical Association Professor James Parsons, Ph.D. called upon "responsible and tough-minded scholars" to use psychedelic drugs to aid in their researches. Professor Parsons describes himself as an expert in Chinese bear paw consumption.

• Bella Abzug had a throat operation, and "Miss Nude America," Valerie Craft, was charged with indecent exposure in Evansville, Indiana. On 24 January an assortment of six religious and intellectual leaders led by the Very Rev. Philip Berrigan went on trial in Harrisburg, Pennsylvania where Berrigan told reporters his purpose was to attract attention. Bonny Bong, a monkey residing in Santa Barbara, California received a one week jail sentence for scratching. And humanitarians became edgy when word came from Kinshaasa, Zaire that President Mobuto has agreed to "liberate" the pygmies from their "wild state."

• But for the livable world crowd it was another catastrophic month. Two giant redwoods near Mill Valley, California assumed horizontal positions. Despite government promises to save the whooping cranes there remain only 59, two more than last year. Prospects dimmed for the endangered black-footed ferret of White Rock, South Dakota. The only two in captivity are males and anyone knowing the whereabouts of a female should contact Senator George McGovern. In the Everglades rescuers toiled furiously to free a rare two legged musk snake trapped in a highway construction mishap. It later expired while being rushed to the Mayo Clinic. And though Shiek Mujibur Rahman was released from West Pakistan, the Radford, Virginia city council voted to kill an estimated 150,000 starlings — so taking one event with another there was adequate reason for gloom amongst ecology buffs. But the Associated Press got a chuckle on Mrs. Dorothy Irwin of Sylmar, California when it sent out a picture of her sitting dazedly before the pile of toothpicks that had been her house before it was shredded by a bulldozer sent to the wrong address.

• On 19 January David Hoffman of Bloomington, Indiana set out to break the world record for showering held by Peter Schell of Germany, and on 24 January President Nixon unveiled his third straight deficit budget dubbed by his colleagues as a full-employment budget. On the following day he announced that should the enemy agree to a cease fire throughout Indo-China, a prisoner exchange and internationally supervised elections open to all parties in South Vietnam, the United States would withdraw totally from South Vietnam within six months. The following day everyone, from James Reston to Senator Fulbright, agreed that Mr. Nixon's plan was a generous and thoughtful initiative. But no one, from Senator McGovern to Congressman McCloskey, thought it would be accepted by the enemy. They were right. The crisis sickens. □

EDITORIAL
(continued from page 3)

1968 following was never reliable, and now like the locust it has moved on to the more bountiful corn of Pious George from the Prairies.

But Mr. Agnew seems to have more encouraging prospects. The media took it as a great surprise recently that President Nixon endorsed his place on the "winning team." Their astonishment when the obvious intrudes into their smartly conceived dream world is never unexpected. It is not as though they have not bamboozled themselves before. Did they actually think that with the restiveness of the conservatives Mr. Nixon would cut his last thread with such a large ideological bloc? What other philosophical bloc will support him? Did they think that the only Republican with a grip on the affections of the blue collar workers would be expendable in an election year? Did they think that, in an election that is appearing to shape up as a test of truth in government, Mr. Nixon would discard one of the few men in public life who has distinguished himself even with his enemies as a man of candor?

I suspect that the President realizes that the media's antipathy toward Mr. Agnew derives not from his manners or from his criticism. What really arouses the media is that Mr. Agnew's speeches transcend mere legislation and suggest a wildly different view of man than that held by a majority of the press corps. Seeing men as flawed creatures, Mr. Agnew's view of man revives the view shared by our Founding Fathers. It also seems to be the dimly perceived view of most Americans. Mr. Nixon knows this, and I expect his Vice President will remain on the national scene — at least until November of 1972.

R. Emmett Tyrrell, Jr.

ACADEMIC DOGMA
(continued from page 18)

Turks, old Turks and George Wallace have made it plain that the really fundamental academic dogma — intellectual neutrality — is a myth. When myths are called myths, they are about to be disposed of. So now the question is more fundamental: *power!* Who gets control of the only established church in America, the public school system? Who gets the toll which has shaped the minds of men in the last century?

If education is to be financed "democratically," i.e., through coercive taxation, and if the nation is really pluralist, how can the educational system reflect that pluralism without becoming multiply schizophrenic, then relativistic, then nihilistic, and finally a farce built upon a discarded myth? This, above all else, is the built-in dilemma of modern education.

This is why, in the final analysis, Nisbet's appeal is to a dead dogma. We cannot return to knowledge for its own sake, that old Greek ideal, unless we also return to the idea that knowledge must be built upon fundamental presuppositions, that these are ultimately religious in nature, that all men do not agree on these, and therefore, that serious education and serious scholarship will always offend someone or some group. To coerce them into financing any "uni"versity is to invite disaster. The tax-supported university is as a political issue; politics *cannot* be taken out of such a university; the university *is* like a church. Knowledge is power, whether you like it or not. Make those who want it pay for it. If you make everyone pay for it, the struggle for power will become increasingly intense as the tax base expands. In such political struggles, Hayek has warned in chapter ten of *The Road to Serdom*, the worst seem to get on top.

Education cannot be neutral. The state-financed Prussian universities in which the modern doctrine of academic freedom was born required such a neutrality dogma. A century later the result of that impossible dogma manifested itself: the German university of 1937. Indeed, it was the degradation of the academic dogma; the dogma is still degraded.

When the final ballots are in, we shall see if "them pointy-heads" command a majority, thus revising the academic dogma, if not in the minds of the relativists on the faculties then at least in the minds of the taxpayers. Personally, I'm not betting on the pointy-heads. The private universities and the private colleges may be in financial difficulty, but the politicians are willing to leave them alone. That, as this decade progresses, may become a singular blessing.

Gary North

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"Whom the gods destroy they first make mad." Euripides

ACLU REPORT, "THE NIXON ADMINISTRATION AND THE PRESS"

Report from a group of American Freedom Fighters regarding yet another U.S. atrocity:

There are some who say freedom of the press is now in the greatest degree of danger of being lost in America. There are some who say it is lost already.

FREE OUR SISTERS
(A PAMPHLET OF REVOLUTION)

Another scholarly crusader for female idealism shows how vividly the Marxist perspective can elucidate the most baffling injustices and transform what could have been turgid prose into eloquence of a high order. Oh, Yahweh, that I might have a box seat for this glorious revolution!

What I want to get into is the whole question of contradictions. Women are surplus labor. When we go out and look for a job, we know that we're discriminated against. The question for us is, what are we going to do about it? What we have to figure out is how to work in our own particular ways. In other words, students are going to work one way, working-class women another way. ADC mothers are going to be into their own thing; there will be different forms of activity, "different strokes for different folks," but that it fits together. This comes together into an objective movement that's real and beautiful. I think our strategy right now is to do those two things. Women should be in the movement as a whole. Imperialism affects us . . .

THE HARVARD CRIMSON

John K. Fairbank, noted scholar and master of moral wizardry, reports on the marvelous justice of history at work in the august parliament of nations:

The American defeat (in the U.N. voting) is what we deserve after 20 years of unrealism. It is unreal after 20 years to assume that Nationalist China represents the mainland....

THE NEW REPUBLIC

That high-grade political analysis we have come to expect from *The New Republic* **reveals Senator Muskie's fatal flaw:**

We waited so long for Senator Muskie's formal confession of candidacy that when it came we found we'd lost our appetite....We must confess also to having been distracted throughout the TV talk by the senator's left index finger, as it repeatedly rubbed the thumb of the hand that gripped the arm rest of a borrowed wing chair, set in that empty room in a Maine summer house that had been opened for the big occasion. It was as if all impulse, spontaneity and anxiety had been compressed in that gnawing gesture.

Featuring incomparably sensitive in-depth reporting, the illustrious *New Republic* **always informs its readers of those recondite matters which might appear trivial or nonsensical to less aware writers but which compose the chemistry of momentous events, as every practitioner of the New Journalism knows. Read on and judge for yourself:**

The recent rumpus over the use and abuse of "background" news cannot be intelligibly discussed without reference to the toilet situation aboard Air Force One....Most of the people who travel on the President's plane ride in the staff compartment between his private quarters and the rear section. The only facility (toilet) available to them is opposite the space in the rear section where a press pool of five reporters and three photographers are seated. Mere rank, it must be understood, does not admit anybody on the plane to the President's territory. This means that Cabinet officers and staff assistants of high and low degree must either exert remarkable control or confront the pool reporters at some point during all but the shortest flights.

THE NEW YORK POST

Harriet Van Horne, recorded live at the New York State Mental Hospital:

We are losing our freedoms. We are losing them more rapidly, more insidiously during these Nixon years than at any time since the First World War.

Professor Harriet Van Horne evinces proof that even the most awesome intellects are capable of fresh, spunky insights into our Dark Age:

We are experiencing a tyranny over the mind of man that is virtually without precedent in modern times.

THE NEW YORK TIMES

That very same newspaper which recently secured "the people's right to know" reports a current in the news which may have eluded your sniffings:

Among the churches with military stockholdings, according to the report on religious investment practices, are those that never have been vocal critics of the Viet Nam War and of the growing militarism in the United States. (emphasis added)

SHAKE IT FOR THE WORLD
BY SEYMOUR KRIM, HEAVYWEIGHT CHAMPION OF THE WORLD

When an elegant intellectual's daydreams turn to barroom brawls, no good can come of it. Stay off the hard stuff, Seymour:

We need art that screams, roars, vomits, rages, goes mad, murders, rapes, commits every bloody and obscene act that it can to express only a shred of the human emotions that lie prisoner beneath the sanitary tiles here in Adman's Utopia.

EARL WILSON, PH.D.

Famed journalist, Mr. Earl Wilson, has written a penetrating new study, *The Show Business Nobody Knows,* **which abounds with fascinating vignettes such as the following, which show not only the intellectual side of Hollywood culture but its wit and brilliance to boot:**

Mitchum is a gifted conversationalist, though his close friends say he sometimes soars on great flights of oratory that they cannot follow. However, there are gems to be found if you can afford to wait. He was a radio writer, among other things, when he first went to Hollywood, and he often converses like a writer today — at other times he sounds more like a convict.

"The only difference between me and other actors is that I've spent more time in jail," he once said. Once when he was being questioned seriously by some young fans about his art as an actor, he said, "People think I have an interesting walk — like John Wayne. Hell, man, I'm just trying to hold my gut in." Hee hee hee.

THE NATION

The intelligent *Nation* **asks one of those questions that have troubled men's minds down through the ages:**

How has it come to pass that the Cochiti high desert is now envisioned with retired couples driving golf carts to the shuffleboard courts? And how does it happen that Art Linkletter's picture covers billboards near Pagosa Springs, Colo., that Chet Huntley's picture covers billboards near Bozeman, Mont., and that both are selling land with all the dignity of frontier snake doctors?

THE NEW YORK TIMES
James Reston

A selfless statement of lunacy spotted in the esteemed *Times* **of New York one day before the sagacious nations of the U.N. paid "their debt" to America:**

"Accordingly, the members of the United Nations, if they really want to have a representative U.N. that all nations need, and if they want to get some control over the sudden diplomacy and capricious demands of the Nixon Administration, owe America their opposition on the China question."

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LETTER FROM A WHIG

(continued from page 4)

press and, because we know the political disposition of those who write history books, it is safe to predict that his 1968 campaign will be called "courageous." But courage involves risk, and what did McCarthy risk? He did not risk unendurable hostility when he opposed, simultaneously, the most unpopular war in American history and the most unpopular President of modern times.

McCarthy did not risk losing a valued constituency. He did not value (or, for that matter, serve) the Minnesota constituency that gave him the Senate seat he disdained. And he gained a national following by placing himself at the head of a pre-existing anti-war, anti-LBJ constituency.

McCarthy did not risk losing a reputation as a diligent Senator; he never had or deserved such a reputation. His absentee record and general inattentiveness to Senate business was a minor legend long before he caught Presidential fever.

McCarthy decided not to seek reelection to the Senate in 1970. Hubert Humphrey wanted his seat, and probably would have trounced him in a primary. McCarthy did not want the seat enough to fight for it. He obviously holds the Senate in low esteem, and that is odd. He is a vigorous critic of Presidential power, and he says that he decided to run when he became convinced that Johnson would not respect the rights and dignity of the Senate, and especially of the Senate Foreign Relations Committee, of which McCarthy was a member.

When McCarthy left the Senate, he moved his office into the Carroll Arms Hotel across the street from the New Senate Office Building. He enjoyed saying that he could accomplish as much in the Hotel as he could in the Senate. He intended the joke as a deprecation of the Senate. In fact, the joke was more accurate than McCarthy would care to admit. It is a nice comment, not on the power of the Senate in the Federal Government, but on his own ineffectiveness in the Senate.

So much for the heroic dimension of McCarthy's 1968 achievement. What, in fact, was the achievement?

He lost the New Hampshire primary (he got 42 per cent of the vote) to a President whose name was not even on the ballot. Losing to a write-in candidate is no mean achievement.

After the New Hampshire loss it was all down hill. He lost every contested primary except Oregon's. He lost the fight for the "dove plank" at the Chicago convention. And, of course, he lost the nomination. But, then, he never even came close, and he never will.

McCarthy is a man of no substantial achievement who risked nothing as he parlayed a nearly unbroken string of political losses into the role of Martyr *manque*, and all that by way of fat lecture fees.

There was an element of tragedy in Stassen's decline. Happenstance denied him preeminance; a fatal flaw denied him dignity in decline. McCarthy's career is less moving and, really, less interesting. A debacle without tragedy is just a farce.

Last year McCarthy published a slender volume of intriguing poems. One of them concluded with these lines:

My metaphors grow cold and old,
My enemies, both young and bold.
I have left Act I, for involution
and Act II. There mired in
complexity
I cannot write Act III.

It doesn't really matter. After the first two acts the audience wandered off.

Author's Query

I am intensely interested in indecent anecdotes concerning the early life of the conservative poet, Rod McKuen. Any such material will be appreciated.

Kulpepper Q. Schwartz
Dept. of Literary Vibrations
University of California Extension
Bel Harbor, Florida

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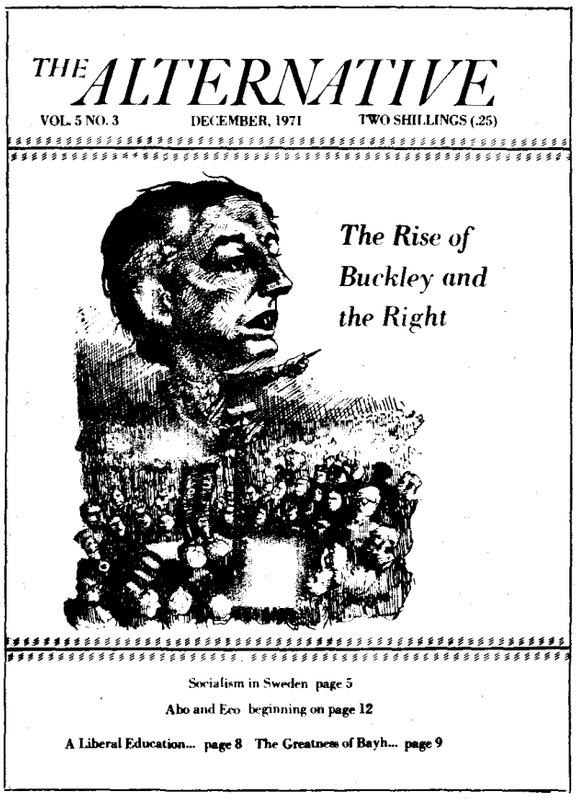
THE ALTERNATIVE
VOL. 5 NO. 3 DECEMBER, 1971 TWO SHILLINGS (.25)
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Abo and Eco beginning on page 12
A Liberal Education... page 8 The Greatness of Bayh... page 9

"I predict for THE ALTERNATIVE a leading role in philosophical and political battles to come." — *M. Stanton Evans*

"...one of the most amusing and outrageous and interesting student journals in America." — *William F. Buckley, Jr.*

"...stands almost alone among a welter of New Left, radical and revolutionary publications." — *Louisville Courier Journal*

Have you ever wondered what could be so abominable that even New Leftists consider it indecent? Everyone knows about the dreadful stuff they admire, but what of the stuff that twists their maws in revulsion? Can there really be anything that disgusting?

Well there is such an abomination; it is a student review called THE ALTERNATIVE. In attempting to present alternative positions to the mischievous tommyrot of the idealistic young scoundrels, we have grown from an anti-new leftist campus underground to our present status as a truly national magazine which has distinguished itself by arousing just the right enemies and just the proper friends (as the attendant quotes reveal).

For stirring up the barbarians we stress *reactionary* standards like literacy, intelligence and humor — and one other thing, we savor what is American. The Great Republic so abounds with ghastliness and grandeur that our appetite for it never slackens.

Let the yahoos yodel about the glorious ruins of Europe, the rationality of Scandanavia, the exhilarating ambiance of the enlightened People's Republics. We smack our lips for what is American.

Consider a few of THE ALTERNATIVE's monthly features:

- **The Continuing Crisis** is an offbeat and humorous review of the past month's momentous events.
- **The Nation's Pulse** and **Letter from a Whig** by THE ALTERNATIVE's two Washington correspondents give timely and incisive reviews of what the frauds are up to on the banks of the Potomac.
- **The Bootblack Stand** — THE ALTERNATIVE's equivalent to Ann Landers (Dr. George Washington Plunkitt) aids our nation's leaders in their personal, political and psychological problems.
- **Brayings from the Barnyard** — a collection of the latest idiotic statements of Ritualistic Liberals, prefaced by suitable exegeses.

Here is a sample of some of the recent articles published in THE ALTERNATIVE:

"The Mechanical Genius of Mayor Daley" by Frank W. Blatchford III

"Student Unrest. . .The Search for Values" by Allen C. Brownfeld

"Daniel Ellsberg: The Public Penitent" by John R. Coyne, Jr. (quoted in *The Saturday Review* as the work of "snotty persons")

"America's Promise as a World Power" a symposium on defense by Senator James Buckley, Senator Henry M. Jackson, George F. Will, William Schneider, and others

Take time now to subscribe to this award-winning journal. If you are not satisfied (that it is an abomination to all idealistic New Leftists) you can cancel your subscription and obtain a full refund.

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